Essex Local Economic Assessment

Prepared by Essex County Council and Partners
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...this list is not exhaustive.
Essex Economic Assessment
Opportunities and Challenges

1.0 Introduction to the Essex Economic Assessment

1.1 The global economy continues to experience turbulent times. Undoubtedly, new issues and opportunities will emerge that will have a lasting impact on the economy. More than ever, public sector policy and enabling must be based on a solid foundation of knowledge about, and understanding of, the Essex economy.

1.2 Public sector business support is delivered by a number of agencies including Business Link, the Skills Funding Agency (SFA), the Young Peoples Learning Agency (YPLA) and Local Authorities. Under the previous Government, the important role of local authorities in economic development was recognised. One outcome was a new duty upon Upper Tier authorities (counties and unitaries) to undertake a Local Economic Assessment (LEA). This duty is enshrined in the Local Government, Economic Development and Construction Act, which received Royal Assent in November 2009 and took effect from 1st April 2010.

1.3 With the subsequent change of Government, the duty is retained pending a review to establish whether or not LEAs add any value to existing research and analysis. Nevertheless, Essex County Council will continue to channel the collection of economic information through the LEA, as it is considered that our LEA will provide a robust and consistent foundation for future economic policy and strategy.

1.4 With the new Coalition Government has come a series of decisions that have significant implications for the delivery of support to the economy. The regional development agencies, in our case the East of England Development Agency, is being abolished. Many of its functions are to be transferred to the proposed Local Enterprise Partnerships (LEPs). They will be business led, taking a strategic role in economic development, ensuring that the most important local support is delivered. Alongside this, Government is cutting back national and local government funding, with the intention of eradicating any waste and duplication, plus ensuring that every service is delivered at the correct level and by the most appropriate organisation.

1.5 More widely, the Government’s flagship policy, the ‘Big Society’ envisages devolving responsibility down to the lowest level so that communities are, at least in part, responsible for their own well-being. This represents a challenge for the public sector, but whatever the new structures and mechanisms, they will need to be informed by up-to-date data, analysis and intelligence. Consequently, the LEA will remain an important resource.

1.6 Essex County Council has been a leading authority in progressing national thinking on what LEAs should look like and has been very clear on its role as a rationalisation tool for the collation of economic evidence. Furthermore, undertaking a LEA or an assessment of our economy in any form provides a critical underpinning for any sensible economic strategy. This message has been reflected to all economic development professionals in Essex, who are keen for the council to continue our development of a shared economic evidence base for all future economic strategies in Essex. All our district councils, and adjoining unitaries, have been fully engaged in the process of helping us produce our LEA.
We will continue to promote the benefits of Essex’s LEA on the basis of:

- Its role in providing the economic evidence base for prioritisation and strategy making across Greater Essex, which will in turn impact upon smarter and more efficient commissioning of services. This is epitomised by its contribution to the concurrent emergence of the Integrated County Strategy.
- The need to innovate; to streamline and cut out unnecessary studies or commissioned work. Whilst there is no expectation that this first iteration LEA will be a panacea, it should very quickly remove the need for a multitude of other economic studies; and should be referenced in other reports and strategies, removing the need for duplicative work.
- The mutual benefit (in terms of intelligence provision) brought about by its relationship with the Local Development Framework cycle.
- Its role as a statement of fact and as an important tool in helping us achieve a ‘single version of the truth’.
- The critical function it plays in encouraging all councils in two tier areas to work together and to share and integrate all available economic intelligence and analysis in a way seldom seen before.
- The otherwise-unlikely emergence of useful work enabled by the LEA, such as our undertaking of the biggest ever business survey in Essex.
- The opportunity we have to demonstrate to Government which data gaps exist across Essex (and invariably across the country) in order to improve upon economic intelligence gathering in the future.
- The invaluable in-house learning gained through the collection and analysing of the data across the widest spectrum of economic indicators.
- Our developing, albeit nascent, understanding of the linkages across the broadest range of areas relevant to the economy (including environmental considerations), which had been compelled by the LEA guidance and rarely investigated.

1.7 It is important to appreciate that the LEA is not an economic strategy, but provides the underpinning intelligence on which both the county council and its partners can draw when developing strategy and policy. In Essex’s case, the LEA will continue to inform the Integrated County Strategy process. More widely, and not least in Essex, LEAs will be vital reference documents for Local Enterprise Partnerships and new and emerging local economic development strategies.

1.8 In Essex, the County Council took the initiative in starting early on preparing the LEA, paying particular attention to engaging with partners, both locally and regionally.

1.9 Objectives of the Essex LEA:

- To arrive at an understanding of the strengths and weaknesses of the Essex economy;
- To set our economy within its wider context – housing, environment energy consumption; social well-being/inclusion; transport etc.;
- To identify external and internal factors that will affect the economy post recession and, as far as possible, to 2031;
- To achieve stakeholder buy-in to issues, opportunities and likely future scenarios;
- To reduce duplication in the collection and analysis of information;
- To provide a solid and shared platform for policy making and to inform delivery;
- To better engage with businesses and their representative organisations in order to understand their issues;
- To evidence the opportunities for economic growth and prosperity;
- To provide evidence and analysis for the LEP and for emerging local strategies in this field.
Brief Description of Essex and its economy...

1.10 Greater Essex is situated on the north-east border of London, enclosed on the east by the North Sea, on the south by the River Thames, with the northern border formed, for much of its length, by the River Stour. The largest concentration of urban areas in the county is in the South, stretching across the Thames border, from the unitary area of Thurrock in the south-west, to Southend-on-Sea in the south-east.

1.11 Much of the area’s economy is characterised by small businesses with a market that extends no more than 20 miles from their base (around 40% have regional or national markets, whilst just 6% trade internationally). Nevertheless, Essex has a long history of international trade, especially across the North Sea and, together with innovation, this continues. Now international trade is facilitated by international ports at Harwich and Tilbury, the London Gateway Port and Stansted and Southend Airports. Innovation continues through businesses such as GlaxoSmithKline at Harlow and the Ford research centre at Dunton. Furthermore, Essex hosts the University of Essex, Anglia Ruskin University and Writtle College.

1.12 Substantial population growth is planned for Greater Essex, concentrated in Haven Gateway around Harwich and Colchester, and Europe’s largest regeneration programme, the Thames Gateway, in south Essex. As well as selecting Essex for two of the most significant national growth areas, the previous Government had set high growth targets across the county, with a provisional target of 131,000 new jobs by 2021.

1.13 Achieving job growth on this scale and balancing it with population could be a challenge, but the economy will receive a boost from the huge investment surrounding the London 2012 Olympics & Paralympic Games. With Hadleigh Country Park set to be the venue for the mountain biking event, Essex will attract thousands of new visitors.

1.14 Completion of the deepwater container port at Shell Haven on the Thames Estuary will provide a boost to local employment. Work started early in 2010 to construct the port, now known as London Gateway, which is owned by DP World. In the Haven Gateway, major container port expansions are underway. The Felixstowe South Regeneration will provide the deepest containership berths in the UK and bring Felixstowe’s total annual capacity to 5.2 million teu. Hutchison Ports UK also has plans for a new container port at Bathside Bay, Harwich, although this is not expected for some years. Stansted Airport has some capacity for expansion with the existing infrastructure; whilst Southend Airport is also implementing expansion plans.

1.15 Essex is well connected by road and rail, with the M25, M11, A12 and A13 providing the main road arteries. These corridors, other than the M25, are matched by rail lines. Nevertheless, congestion remains a problem in parts of the county, particularly in South Essex.

1.16 The following map shows the twelve District and Borough councils that are included within the administrative county of Essex. The two unitary authorities, Thurrock and Southend-on-Sea, which are both situated on the north bank of the Thames, are integral to the local economy. The wider Essex area, which includes these two unitary councils, is termed ‘Greater Essex’. 
2.0 Primary Findings

Key Findings

2.1 With substantial numbers of jobs to be created by new developments in London, the outflow of commuters from Greater Essex may grow and congestion increase.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
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<tbody>
<tr>
<td>Additional pressure on already overloaded transportation infrastructure.</td>
<td>Opportunity to attract businesses out of London.</td>
</tr>
<tr>
<td>Negative impact on sustainable economies locally – ‘brain drain’ effect.</td>
<td>Ability to service London e.g. conference facilities.</td>
</tr>
<tr>
<td></td>
<td>Increased transport capacity – Crossrail.</td>
</tr>
</tbody>
</table>

2.2 People moving out of London into Essex put a strain on local housing supply; this is particularly prevalent in South Essex and it is clear that housing solutions – not least regarding the availability of affordable housing – is becoming an urgent issue countywide.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
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</thead>
<tbody>
<tr>
<td>Unsustainable increase in commuting.</td>
<td>Additional wealth brought into Greater Essex to regenerate priority areas.</td>
</tr>
<tr>
<td>Excessive increase in property prices that excludes local people.</td>
<td></td>
</tr>
<tr>
<td>Inability to provide sufficient affordable homes.</td>
<td></td>
</tr>
<tr>
<td>Damage to the environment and quality of life.</td>
<td></td>
</tr>
</tbody>
</table>

2.3 Based on the number of jobs already in the sector, the propensity to grow and other considerations, the sectors that may need most encouragement and nurturing are:

- Construction
- Education
- Supporting transport activities
- Sale, maintenance and repair of vehicles
- Wholesale and commissioning trade
- Health and social work
- Hotels and restaurants

However, this list should be treated as a starting point for further refinement and might be supplemented by inclusion of the Financial, Environmental Goods and Services, Tourism and the Logistics sectors. Locally, there may be other sectors that are considered important (see the reports in Appendix 2).
2.4 The financial sector is a big employer and Greater Essex provides many of the back office functions for leading lights in the financial sector. It is important that we maintain this ‘expertise’ and, in doing so, ensure that the opportunities to provide this do not go elsewhere.

**Risks:**
- Cost saving and/or regulatory driven exodus of financial sector to other cheaper/less regulated locations.
- Growth in Essex is only in low value jobs.

**Opportunities:**
- Opportunity to share in London’s success as a financial centre.

2.5 Knowledge intensive and innovative businesses are well represented in the region, but slightly less so in Essex. They have the benefit of providing high skilled jobs and substantial added value.

**Risks:**
- Without the ability to attract these types of jobs, Essex will continue to have a workforce that tends towards the unskilled and a low value economy.

**Opportunities:**
- To build upon the skills and intellectual resources available through the county’s (and region’s) HE establishments.
- Enhance the county’s image as a leading edge economy offering a high quality of life.

2.6 Of the factors perceived by businesses as impacting upon their performance, the following are within the scope of the public sector:
- Business rates
- Traffic congestion
- Parking (cost and availability)
- Availability and cost of finance
- High cost of local housing
- Poor public transport
- Lack of skilled labour

In addition, the main priorities identified by businesses for public investment are:
- Improved telecommunications (IT/ICT, high speed broadband)
- Transport (reliability, road network, lower cost, road/pavement maintenance)
- Energy supply (improvement, lower cost, consistent)

**Risks:**
- Trading conditions for Essex businesses will worsen if the public sector does not provide or facilitate the provision of a suitable infrastructure.

**Opportunities:**
- To target investment closely to the needs of businesses in order to achieve good value for money.

2.7 The recession caused a sharp increase in JSA claimants. Even with current work experience and skills, many unemployed will find it difficult to re-enter the job market because of the lack of jobs. However, there are a number of projects in implementation or planning across Greater Essex that are directly linked to significant job growth.

**Risks:**
- In the absence of growth in jobs numbers, the county will experience high levels of unemployment leading to a decline in living standards and a burden on the public sector.

**Opportunities:**
- Continue to support and, if possible, expand projects that will achieve growth in job numbers and a range of skills requirements.
2.8 Three areas of Essex – Basildon, Harlow and Tendring – stand out as having levels of child poverty higher than the national average. Elsewhere in Essex the levels are lower but still detrimental to the families concerned.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Consigning children to poverty will create problems in the future, such as low aspirations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities:</td>
<td>Having parents in employment is considered to be the best way out of child poverty.</td>
</tr>
</tbody>
</table>

2.9 Parts of Greater Essex (including wards within Harlow, Basildon and Tendring) stand out as suffering from deprivation across multiple measures. Social, economic and environmental regeneration are vital to support not just neighbourhoods, but the vitality of adjoining areas.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Without multi-agency intervention deprived localities will fall further behind. Given the sluggish recovery of the national economy, the challenge to regenerate these areas will be even greater.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities:</td>
<td>To utilise the Big Society concept and the better integration of delivery by a range of organisations to enable deprived neighbourhoods to take greater ownership of their future.</td>
</tr>
</tbody>
</table>

Important Issues

2.10 In rural Essex, the absence of High Speed Broadband (74% of rural businesses consider very important or important) and/or mobile phone reception (77% very important or important) are significant barriers to economic growth.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>• Businesses will find it hard to operate and be at a competitive disadvantage. • Absence of reliable and fast connections will deter businesses from locating in rural areas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities:</td>
<td>• Further expansion of the broadband initiative that is being trialled in Maldon District.</td>
</tr>
</tbody>
</table>

2.11 The closure of Post Offices (65% of Essex businesses surveyed in 2010 cite access to a Post Office as important) is a significant barrier to economic growth.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>• The loss of post offices will have a detrimental impact on the ability of rural businesses to operate (e.g. businesses offering specialised goods for sale on the Internet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities:</td>
<td>• To support post offices to diversify, improving services to businesses and the public.</td>
</tr>
</tbody>
</table>
2.12 Only 6% of Essex businesses trade internationally. These and other businesses with international potential may benefit from focussed support. In order to succeed in the new economy, our businesses must begin to compete internationally. It is incumbent upon Essex’s business support infrastructure to encourage international trade.

Risks:
- Missed opportunities to develop the export of goods and services will worsen the balance of payments.

Opportunities:
- Although most Essex businesses do not offer products that are suitable for international trade, there are a small number that are not exploiting trading opportunities. Further work is needed to identify them.

2.13 Logistics is another big employer in Greater Essex. It has a number of issues that need to be addressed:

Risks:
- UK shortage of goods vehicle drivers;
- Lack of management skills
- Difficulty in attracting staff educated to degree level
- Workforce with a comparatively high proportion over 40
- The impact of the EU working hours directive

Opportunities:
- Opportunities for modal shift to rail
- The implications of e-commerce/ home shopping and delivery
- Opportunities associated with the increased capacity being developed at Southend Airport, Harwich and London Gateway port.

2.14 Support to businesses to provide the capacity to bid for public sector contracts is required.

Risks:
- Spending on contracted services will continue to benefit areas outside Essex
- Essex businesses will fail to develop the skills and knowledge required to operate elsewhere in Britain.

Opportunities:
- Build up capacity for Greater Essex businesses to bid for public contracts.

2.15 Essex has a high rate of business start-ups. However, both the start-up and survival rate vary substantially across the county. Where start-up rates are inherently high, there may be merit in focusing support on improving viability and supporting innovative practice. Elsewhere, it might be more appropriate to encourage self-employment.

Risks:
- Many start ups will fail without appropriate advice and support.

Opportunities:
- Businesses that have the potential to grow will be lost without appropriate support.
- Place more emphasis on retaining existing start-ups rather than establishing new ones.
2.16 Rapid house-building is needed to accommodate latent demand; but it should reflect local differences in types of housing required.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unable to attract and accommodate more young people in Essex.</td>
<td>• Through Planning Policy there may be opportunities to release more housing land in appropriate places.</td>
</tr>
<tr>
<td>• Following the recession, developers will have neither the wish nor capacity to build adequate numbers of new homes.</td>
<td></td>
</tr>
<tr>
<td>• Will sufficient new jobs be created within Essex to balance house building?</td>
<td></td>
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</tbody>
</table>

2.17 In order to market Essex to best effect in the future, advocacy work across the Greater county is required to highlight the availability of specialist skills in certain localities.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The ability to attract new investment may be compromised if skill levels do not match requirements.</td>
<td>• Opportunity to break into the skills cycle of which comes first, the skill or the job.</td>
</tr>
</tbody>
</table>

2.18 Further consideration should be given to the causes of lower than average economic activity rates in parts of Greater Essex, including reduced rates associated with ethnic minorities and those who have been registered disabled.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
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</thead>
<tbody>
<tr>
<td>• At present it is unclear as to whether lower than average economic activity rates reflect an active decision not to enter the labour market (perhaps through disability) or inadequate/unsuitable employment opportunities.</td>
<td>• Increased job opportunities need to reflect the circumstances of potential employees. This is especially true of the disabled and ethnic minorities.</td>
</tr>
</tbody>
</table>

2.19 The gap between the average residence based and the workplace based earnings in Essex stands out in the analysis as being a significant characteristic of the area. This may reflect generally higher wage levels in London and/or higher skills (and hence higher wages) held by London commuters.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
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</thead>
<tbody>
<tr>
<td>• Continuing lure of people with higher qualifications to work in London, which reduces the availability to Greater Essex businesses.</td>
<td>• If new investors bring with them higher skills requirements, the potential to attract residents away from commuting into London.</td>
</tr>
<tr>
<td>• May make Essex less attractive to new investors if they have to compete with London for staff.</td>
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</tbody>
</table>
2.20 Despite recent improvement, Essex suffers from poor educational attainment in schools with circa 50% of 16 year olds leaving statutory education without 5 or more GCSEs including English & Mathematics. The Coalition Government’s proposals for greater flexibility in education provision may offer some opportunities and it is important that the machinery in existence in Essex is able to capitalise on them and enable quick local decisions and direct decisive action.

Risks:
- Poor performance at school may result, in part, from low educational aspirations. Without breaking into the cycle of parents passing on low aspirations to their offspring, poor attainment will continue.

Opportunities:
- Diversification of the curriculum to include less academic subjects may help those who favour skills rather than knowledge. This would still need to be matched with business needs.

2.21 All congestion has a cost to the local economy and can hamper the economic success and sustainability of localities. However, without major infrastructure improvements (which can be counter-productive by encouraging additional trips) opportunities to reduce congestion focus on traffic management and increasing the usage of public transport. In particular, consideration could be given to promoting to businesses the benefits of developing and implementing travel plans.

Risks:
- Continuing congestion caused by poor utilisation of the transport network.

Opportunities:
- Encourage individual businesses to prepare staff travel plans that spread the load on the network.
Other Significant Findings

2.22 In rural Essex, the closure of post offices, shops and public houses both damages the local economy, reducing employment opportunities and services to other businesses, and has a social impact.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Rural areas may become less attractive as places to live and work.</td>
<td>• Improvement and expansion of rural services so that businesses have a more diversified income stream and residents receive better services.</td>
</tr>
</tbody>
</table>

2.23 As the vast majority of Essex businesses do not have a training plan, this should be a priority for business advice in order to increase workforce skills.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Absence of any formal, workplace training is detrimental to employees and may reduce the ability of businesses to develop and innovate.</td>
<td>• Improve practical training to benefit businesses and the overall workforce skills base.</td>
</tr>
</tbody>
</table>

2.24 Consideration should be given to the mounting of a campaign to highlight the business benefits of ameliorating environmental impacts of climate change.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
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</thead>
<tbody>
<tr>
<td>• Increased flooding, damage to crops and extreme weather events.</td>
<td>• To make Essex businesses more resilient to the impact of climate change.</td>
</tr>
</tbody>
</table>

2.25 Further work is needed to identify and address rural deprivation, which is dispersed, whilst that in urban areas tends to be concentrated in small areas.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• To the extent that rural deprivation affects those of working age, poor accessibility is likely to reduce ability to be economically active.</td>
<td>• Increased accessibility to suitable employment opportunities could help to provide a lift out of poverty.</td>
</tr>
</tbody>
</table>

2.26 Generally, across Greater Essex energy and water supply, currently, does not appear to be a problem. However, there are impending local difficulties, such as in Harlow, where economic growth may be jeopardised. There appear to be other localised issues that need to be resolved.

<table>
<thead>
<tr>
<th>Risks:</th>
<th>Opportunities:</th>
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<tbody>
<tr>
<td>• Economic growth may be restrained by the inadequate supply of energy or water in localised areas.</td>
<td>• Ensure that early consideration be given to potential shortages, so that appropriate action can be taken.</td>
</tr>
</tbody>
</table>
3.0 Links with other documents

3.1 Essex County Council recognises the importance of a strong evidence base to underpin policy and delivery. Indeed, it has previously prepared economic reports in support of strategy development. The LEA recognises the following benefits:

- Encourages partners to work together on a common understanding of our economy
- Provides the basis on which to renew economic policy
- Gives an opportunity to look beyond the recession to a different economic environment, thus promoting better planning ahead
- Provides an evidence base for informed bidding and lobbying
- Informs the delivery of business support
- Provides the basis for a framework for working with neighbouring upper tier authorities.

The LEA will attempt to answer the critical questions

- ‘What is the state of the economy’ (the what?); and
- ‘What does the data tell us’ (the so what?)

3.2 The Integrated County Strategy (ICS) is being prepared in parallel with the LEA. It brings together economic regeneration with strategic planning and transportation to start to prioritise cross-Essex interventions and answer the additional question:

- ‘What are we going to do about it’ (the now what?).

3.3 Delivery plans against the priorities established by the ICS need to be congruent with our ever changing economic reality. Therefore, and for the benefit of the LEP, they will be revised annually in line with the refreshed LEA.

3.4 In addition to the ICS, the LEA will be used to inform other strategic and policy work at county, unitary and district levels, including Local Development Frameworks. LEAs will be material to the decisions made by Local Enterprise Partnerships.

3.5 Additionally, the LEA and the Essex Joint Strategic Needs Assessment (JSNA) exist as two mutually reinforcing documents. A supplementary review of the Essex JSNA will help assist a comprehensive understanding of how the economy fits into the broader setting of health and wellbeing.

3.6 Locally produced community strategies, Local Investment Plans, Local Development Frameworks, and district regeneration and economic development strategies are widely available and must be used in conjunction with the LEA to enable a thorough understanding of the range of issues facing localities.
4.0 Geographies

4.1 Essex is a large and complex county, stretching from the edge of London in the south west, to the remote, undeveloped coastline of the Dengie peninsula in the east and the prosperous rural hinterland surrounding Cambridge in the north west. Within the county, lie two New Towns (Basildon and Harlow), large towns (e.g. Chelmsford and Colchester), resorts (e.g. Clacton on Sea) and historic market towns (e.g. Great Dunmow). Major airports and seaports can also be found in the county. Consequently, our economic geography is diverse.

4.2 The Department for Communities and Local Government (DCLG) has advised on the identification of functional economic areas as the basic units to be included in the Assessment. The guidance suggests that, ‘economic analysis is best undertaken at the spatial level at which the relevant economic market operates – or the ‘functional economic market area’ (FEMAs).’ However, DCLG guidance also acknowledges that, ‘there is no universal approach to defining FEMAs. The pattern of economic flows can be different depending on which local markets are being considered.’ It also allows that, ‘Mapping functional areas, however, is only a starting point to bringing about sub-regional policy collaboration. Success also requires strong political support at a local and regional level.’

4.3 Essex has four established sub-regions: Thames Gateway South Essex (TGSE – districts and Unitary Authorities bordering the Thames); Haven Gateway (HG – districts in Essex and Suffolk that are focused on the Haven ports and two large towns in their hinterland); Heart of Essex (districts focussed on the A12 corridor and commuting links with London) and West Essex, or M11 Corridor, (districts with the M11 as a linking thread). Given that these areas all have their own identity and different levels of political recognition; they are used extensively to segregate the analysis in the LEA.

4.4 As upper tier authorities, Southend and Thurrock unitaries are required to produce their own LEAs. However, both have historic and functional links with Essex and are included within ‘Greater Essex’. Certainly, this LEA includes information on the two unitaries.
5.0 Scope

5.1 In order to make the LEA useful, more must be provided than historic data, or indeed, projections forward of such data. Given the significant factors that may impact upon the global and local economies (including commodity prices, peak oil, the need to reduce carbon usage), it will be necessary to provide some guidance through to 2021 and longer, if possible, on the implications for the Essex economy.

5.2 The Essex economy does not exist in isolation. Not only does it work within the context of the global and national economy, but it is influenced by the local demography, workforce skills, housing, infrastructure and environment – amongst many other things. Therefore, in order to achieve a thorough understanding of the economy, a wide range of connections must be examined.

6.0 Ownership

6.1 Although the LEA has been developed and co-ordinated by Essex County Council, it is a collaborative document that is owned and utilised in equal measure by partners.

7.0 Methodology

7.1 The first phase of the LEA was to:

- Develop a structure that expanded upon published guidance, provided a common format for partners and established a series of questions about the county’s economy;
- Meet with partners and stakeholders to seek their views and any sources of information;
- Raise awareness of the LEA amongst District Council economic development officers and planning officers;
- Engage with Unitary authorities; and
- Prepare an initial report based on published data.

7.2 Starting in early 2010, the second phase has been to:

- Align the LEA with the Integrated County Strategy;
- Undertake a major Business Survey with districts in order to obtain information not otherwise available;
- Meet individually with district officers and invite them to prepare their own mini-LEA based upon local knowledge;
- Continue to liaise with unitaries and sub-regional partnerships;
- Revise and expand upon the Phase 1 report to produce a consultation report. The consultation process, predominantly focused on obtaining local inputs, ran for six weeks in August and September 2010.

7.3 The third phase has been to:

- Take account of comments received and amend as appropriate;
- Prepare a final draft;
- Finalise and publish agreed document; and
- Disseminate findings.

7.4 Going forward, it is our clear intention to keep improving the LEA, and to add new economic information as and when it becomes available. It is our hope also to make it a more interactive tool – the fourth phase of work on the project will be to bring this element of the project to life.
8.0 Gaps in our understanding of the Greater Essex economy

8.1. To maintain validity, the Essex LEA, as with other similar documents, will be updated and improved frequently—a ‘living’ document made available via the Internet. It will rely upon easy access to up-to-date and robust information. As is not unusual for a document with such a broad focus, the experience so far is that certain information is either hard to find, or does not exist.

8.2. Future iterations of the LEA will, potentially, become more focused and, in the case of the Essex LEA, hone in on exploring key issues such as the impact of London on the local labour market; the true nature of deprivation in rural areas; and the role of the third sector, particularly in tackling deprivation. Future iterations will take account of the demographic and other data to be made available by the 2011 Census.

8.3. However, key questions remain for which we would either need a central government department to commission a new way of generating the information, or for local partners to continue to work with us to develop a considered response.

8.4. Relating to the former, for example, commuting has not been recorded accurately since the 2001 Census and yet has a substantial impact on our county’s economy. Access to better information here would have helped develop our understanding of the wider interaction between Essex and surrounding areas, e.g. for retail and business markets.

8.5. In terms of the latter, there are gaps in our understanding of the local economy which could be filled with further collaboration over time. Over the course of the consultation period for the LEA, we invited inputs from all partners. Beyond this, as we see the delivery of Integrated County Strategy priorities by the Local Enterprise Partnership structure developed in Essex, the LEA will continually morph and grow in order to ensure that our economy is developed according to the needs established by the newest collection of data available.

8.6. Remaining gaps in our knowledge:

We consider that insufficient information has been accessible to us to ascertain fulsome answers to the questions and areas below.

What would be the consequences (e.g. Quality of Life; resource use, economic) of encouraging commuters to take up local jobs?

What are the strategic factors affecting the future development of key sectors?

What are the characteristics of businesses that achieve high value added growth?

What proportion of businesses in the UK and worldwide re-locate or expand without the support of public sector inward investment agencies?

Do businesses experience real problems in attracting well qualified staff or is it a matter of pay levels?

What is the environmental and resource consequence of business growth? How could we most effectively quantify this?

Is there any means of achieving environmentally neutral businesses? What could the public sector do to encourage this?

How significant is the impact of public sector expenditure on the economy and the implication of forthcoming contraction of public sector budgets.

Additionally, we consider that the LEA would benefit from the following:

Further sub regional analysis of key growth sectors

Further information about the equalities dimension to economic prosperity – gender, race & ethnicity, disability, deprivation

Better understanding of the impact of migration – especially, the factors that drive out migration from London.
The Greater Essex Economy
A Narrative

9.0 Theme – Business and Enterprise

Economic geography and relationships with surrounding areas

9.1 Essex is a diverse county that, despite an estimated population of approximately 1.4 million, has around 72% of its land area in agricultural use. The south of the county is protected from over development by Green Belt policy. Nevertheless, it is the more southerly part of Essex that has the most urban development, with Basildon and older settlements including Epping, Wickford, Brentwood, Billericay, Rayleigh, Rochford, Benfleet and Canvey Island. In addition, the two unitary authorities of Southend on Sea and Thurrock, are located on the Thames Estuary.

9.2 To the north of Chelmsford, the county town, the character of the county changes, with a more rural appearance. Here the urban centres are mostly historic market towns (including Saffron Walden, Great Dunmow, Braintree and Halstead).

9.3 Extending for around 350 miles, Essex has a longer coastline than any other shire county. Facing the Netherlands across the North Sea, it is not surprising that Essex enjoys outstanding access to overseas trade. The Haven Ports, of which Harwich International is located in Essex, are the biggest container ports in the UK. Harwich itself is a small coastal town, with a great deal of heritage interest, as is Maldon, at the head of the Blackwater estuary. At the southern end of the coastline, the Port of Tilbury (London) is another well-established facility that currently specialises in bulk handling of commodities such as paper and grain.

9.4 Administratively, Essex has been located in the East of England region and, therefore, its comparator authorities have been seen as being the shire counties of Suffolk, Norfolk, Cambridgeshire and Hertfordshire. Due to its proximity, coupled with new and historical links, Essex also has strong similarities with Kent to the south and so that authority is added as a comparator in much of the analysis below and in Appendix 1. Also within this report, data is provided for the twelve District and Borough councils, together with Southend on Sea and Thurrock unitary authorities. This is shown in many instances together with aggregated data for the four economic policy areas – Haven Gateway, West Essex (M11 Corridor), Heart of Essex and Thames Gateway South Essex.

The London Effect

9.5 With a World City just a few miles from much of Greater Essex, it is not surprising that London has a big impact on the local economy. Most visible are the crowds of commuters, who travel daily into and out of London by train, Underground and road. The positive impact is clear, both on the London economy, whose employers gain access to a wider workforce, and on money brought back to spend locally. People who work in London generally earn more than those working in Greater Essex. There are two possible reasons for this. Firstly, London wages are likely to be higher than in Essex for the same job (e.g. London Weighting). Secondly, London commuters may undertake more highly skilled and highly paid jobs than is normal in Greater Essex.

9.6 London not only has an affect on earnings, but it also inflates the demand for housing (families moving out of London in search of a better quality of life). Furthermore, its undoubtedly vibrant culture attracts younger, higher skilled people, who, for this reason do not form part of the local labour market.

9.7 Of course, Greater Essex does not only provide much of London’s manpower, it also has its own, very substantial economy. The two New Towns (Basildon and Harlow) together with Chelmsford, retain a strong manufacturing base and are renowned as important retail and office centres. Elsewhere, although manufacturing has tended to decline, other sectors of the economy have expanded.

Source: NOMIS. Crown Copyright

Business Recorded for PAYE in 2009

Source: ONS. Crown Copyright
9.8 Nevertheless, London’s growth on its eastern side; the 2012 Olympic and Paralympic Games, together with the perennial draw of Tower Hamlets and Newham (especially Stratford and Canary Wharf) will all offer new jobs and thereby capture more of the county’s workforce. These economic opportunities could also attract businesses to re-locate to East London. It is important for businesses in Essex to recognise the impacts that this could have and to adapt accordingly.

9.9 Whether the underlying benefit associated with proximity to a World City lies with Essex or London requires further study. However, on the assumption that commuting will continue, infrastructure to improve capacity and access will be required. For example, a new station is planned in north east Chelmsford, whilst the Crossrail project could add some further capacity - and halve journey times between Shenfield and Heathrow. Without further such investments, rail carriages will reach over capacity further and further from London. Already, some Essex destinations have slower train travel times from London when compared to towns of similar distance elsewhere.

Structure of the Economy

9.10 Given the size of the county, it is to be expected that, with approximately 58,500 businesses, Essex has more active enterprises than any of its near neighbours. In addition, there are likely to be many ‘below the line’ businesses that operate on the edge of the economy. In common with the rest of England, Essex businesses are predominantly small scale; around 70% have no more than four employees and only 1-2% have 100 or more.

9.11 With an economy that comprises so many small businesses, it is to be expected that there will be a steady stream of new ones starting up. In Greater Essex, the average new registration rate over the past 11 years \(^1\) is 5.21 per 1,000 working age residents. This is higher than the national and regional averages is an expression of the county’s enterprising culture, although high failure rates show that ideas may not be matched by good management. Start-up businesses are not spread evenly across Greater Essex, with most establishing in the west and least in the north east. Within this LEA, this is just the first instance of disparities across the county that, together, shape the character of localities and require appropriate policy responses.

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\(^1\) Measured by the proportion of VAT registrations per 1,000 resident population aged 16 and above.
9.12 It would not be unreasonable to expect that registration rates might be higher in places that also have a concentration of self-employed people. However, the association is rather weak. In Greater Essex, there is little in the way of a geographical pattern for the self-employed, other than that the proportion of self-employed in the workforce seems a little lower in some commuter areas around London.

9.13 Turning to the presence of economic sectors in Greater Essex, both nationally and locally, the dominance of the service industries is clear. Banking, Finance and Insurance represent the single biggest sector locally, encompassing a, remarkable, 32% of businesses. Even this looks modest beside the equivalent figure of 45% for London. Given that these figures are for 2008, it is possible that the recession will have caused them to slump.

9.14 With 24% of business units in 2008, the Distribution, Hotels and Restaurants sector was also substantial in Essex, although less important than nationally or in the region. In contrast, Essex had a larger proportion of businesses in both Manufacturing and Construction. No doubt, the latter reflects the substantial building work that has taken place over recent years. Once again, numbers are likely to have declined as a result of the recession.

9.15 Looking back to 1999 it is apparent that just over 38% growth has taken place in the number of finance related businesses. This is slightly faster than in the East and South-East regions and substantially faster than London. Probably, this reflects the move of back office functions from central London to peripheral areas.

9.16 In the three sectors of Construction; Distribution, Hotels and Restaurants, and Transport, Essex has also experienced growth at faster than the regional rate. However, Manufacturing has undergone a significant decline, albeit somewhat less in Essex than London. Public Administration, Education and Health, whilst still a relatively small sector in 2008 (under 9% of business units), grew by 16% during the nine years to 2008. Nationally and regionally, growth levels hovered around 24%.

**Key Sectors**

9.17 With fewer resources in the public sector to support business growth, it is helpful to identify sectors that are more important or have greater potential for growth. There are a number of ways to tackle this. Location Quotients use both the national growth rate of sectors and their local representation as compared to the UK in order to identify sectors that are important to the local economy and have the potential to grow. By this means the following sectors have been identified as important to Essex:

- **Construction**
- **Education**
- **Supporting transport activities**
- **Sale, maintenance and repair of vehicles**
- **Wholesale and commissioning trade**
- **Health and social work**
- **Hotels and restaurants**

In contrast, the majority of Essex’s highly specialised declining sectors are in manufacturing sectors; these make up just 6% of the employment base in Essex. Despite a national decline, manufacturing continues to be important in Harlow, Chelmsford and Basildon.

9.18 Taking another approach, Invest Essex, the county’s inward investment service, has researched seven key industrial and business sectors in the county and identified them as of importance to the economy. These are: finance; ports and logistics; aerospace; automotive; construction; ICT and advanced electronics; and creative industries. Together they account for around 100,000 jobs across Greater Essex. In some of these sectors (such as automotive) there are patterns of distinct geographic clustering.

**Financial Services**

9.19 With more than 1,300 businesses and close to 20,000 people employed within the sector is one of the most important in the county. In addition to many small businesses within the sector, there are also some internationally notable companies located here. Clustering of businesses is apparent within the Thames Gateway South Essex, particularly in Southend-on-Sea and Basildon. Other notable clusters can be found in Chelmsford and within Colchester. During the early and mid 2000s, the financial services industry experienced considerable growth. However, after the UK’s economy shrank at the fastest pace for nearly 30 years in late 2008, the banking, investment and insurance industry was strongly hit, resulting in cuts in pay and a loss of jobs. However, the impact in Essex has not been as severe as might
have been expected due to the fact that the larger employers in the county provide back office facilities for the wider financial industry.

Logistics

9.20 Logistics employs around 18,000 people in Essex, working in more than 1600 ports, airports and transport businesses. The sector is an important contributor to the local economy both because of its size and because it supports and services other major sectors within the county, nationally and internationally. The county’s main competition is from Kent and Medway, which has a similarly sized sector. However, the strength of both Essex and Kent in ports and logistics means that the Thames Gateway has a substantial offer for businesses in this sector. As a magnet for Government investment, the newly established LEP will have the support for this sector as one of its top priorities. As one would expect there is a clustering of businesses within the Thames Gateway South Essex area and in Haven Gateway, particularly in Thurrock and Harwich and along the A120. There is also a cluster of companies around Stansted airport.

Aerospace

9.21 Aerospace is the branch of engineering concerned with the design, construction and science of aircraft and spacecraft. There are 130 businesses in this sector in Essex, employing 6,000 people. The biggest cluster is around Stansted Airport. The key issue for the sector has been finding skilled personnel. In many cases, businesses have had to look to the global market rather than the region. Some larger businesses in the sector have set up their own partnership arrangements with Colleges of Further Education in Southend, Harlow and Luton. Their real need is to see an increase in the technical and mathematical skills of school leavers in the area in order to increase the potential pool of suitable labour.

Automotive

9.22 The automotive industry is involved in the design, development, manufacture, marketing, and sale of motor vehicles. There are 120 companies in this sector in Essex. The main cluster of companies can be found in Basildon where, at Dunton, Ford have a major research establishment. However, the number of employees in the sector has fallen consistently over the last four years.

Construction

9.23 Construction supports more than 10,000 businesses and over 40,000 people employed in Essex, making the sector one of the biggest and most important in the county. Nationally, the construction sector accounts for 10% of the UK’s GDP. Clustering within Essex is not obvious, although there is a small concentration of large developers located in the district of Epping Forest and clusters of companies in the districts of Basildon and Braintree. The number of businesses and employees in Greater Essex increased steadily each year from 1999 to 2007. However, the recession has forced many companies to reduce costs and cut prices to win work, leading to redundancies and wage cuts. As the availability of larger contracts reduces, companies have turned to maintenance work, which has increased in the recent climate.

Advanced Electronics and ICT

9.24 There are over 800 companies and more than 9,000 employees in Greater Essex’s Advanced Electronics and ICT sector. Though still a locally important sector, the number of jobs has fallen steadily since 2002. In parallel and as a result of increased product complexity and the shift of component manufacturing to lower cost economies, the sector has changed substantially and continues to do so. These adjustments bring new challenges including managing extended supply chains, taking strategic decisions and making the most of e-business. There are also challenges associated with new environmental regulations, especially in design and end-of-life management. Clusters exist within the Thames Gateway South Essex area and in the Heart of Essex, particularly in Southend-On-Sea, Basildon and Chelmsford. Smaller clusters can be found in Colchester, Braintree and Harlow.
Creative

9.25 The creative industries sector supports over 3,500 businesses in Essex, employing around 12,000 people having continued to grow over the past four years. Although there are no substantial clusters, those businesses with more than five employees have a tendency to group in Colchester, Chelmsford and in the Southend-on-Sea area. A massive challenge faced by Essex is to compete with other locations and regions that have a greater reputation for creative clusters, as Essex is not seen as a creative centre of excellence.

Environmental Technologies

9.26 The environmental technologies sector is one of the fastest growing in the UK, with Essex home to more than 600 businesses. That growth will continue is made likely by a series of drivers, notably major housing expansion schemes; the development of brown field sites, the banning of contaminated soil disposal in landfill; the importance given to air pollution control; challenging targets set by the UK Government to reduce carbon dioxide emissions; and new UK and EU waste management legislation to name but a few.

Tourism

9.27 In addition to the sectors mentioned above, tourism has grown strongly. The tourism and visitor economy are vital to the county, particularly given its proximity to London, Stansted Airport and Harwich International port. There is a need to improve overnight stay accommodation and facilities for day visitors and the all important business traveller. As regards assets, Essex’s coastline offers a wide variety of water based recreation including nature and landscape appreciation as well as sports and leisure activities. The county also has a very visible heritage of historic buildings; together with an attractive countryside and traditional market towns. The combination of many attractions together with the proximity to a huge market generates an estimated £2.7 billion worth of income to Greater Essex, supporting 7.3% of all jobs.
West Essex Profile

The West Essex area takes in the western strip of the county, running from the London borders nearly to Cambridge. From south to north, the main towns are Loughton, Epping, Harlow, Great Dunmow and Saffron Walden. The area has great potential and is unified by excellent transport links with the M11, M25 and Stansted Airport with Harlow acting as a sub-regional centre for retail, leisure and employment. The economy of the area is typified by a strong industrial mix and a healthy number of jobs in growing industries. The local authorities have an aspiration to promote tourism especially in the rural areas and market towns.

Closest to London and at the end of the Underground Central Line, Epping Forest District daily loses much of its workforce to London. Possibly, these are predominantly the managers and professional workers who are well represented in the District’s labour pool. This is despite the fact that Epping Forest has a slightly smaller percentage of its working age population than the region that is economically active. Nevertheless, the District has high levels of specialisation in construction (over 12% of the workforce), agriculture and business services. There are no significant levels of deprivation within the District. Please see diagram below.

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2 There are 16 measures scored for each District over a range of topics. In each case, scores closer to the perimeter are more favourable. The perimeter score is highest in Essex for that measure. Towards the centre (the second band from the centre is the worst score in Essex) the scores become less favourable. The blue line gives the England score and the red line gives the District score. Block colouring is used to make the difference between two scores more obvious. Green colouring means that the District has a more favourable score than England, light blue is the reverse.
9.30 Harlow retains its importance for manufacturing, with many companies engaged in ICT, electronics, pharmaceuticals and advanced manufacturing. This is reflected in high levels of specialisation in R&D, communications and manufacturing - both chemical and engineering. It also has high proportions of employees in business services, retail, and wholesale and distribution. The district also has a relatively high proportion of employees in Public Administration and public services, particularly Health. In fact, the ‘health and allied industries sector’ is newly emerging, with businesses including BUPA, GSK and Clement Clarke, as is medical instrument manufacture. Business birth rates in the town have increased recently, demonstrating a growing entrepreneurial base. Another characteristic of the town is that, although economic participation is high, the workforce is under-skilled and there is a daily influx of professional and managerial staff. Parts of the town are clearly deprived and are in need of regeneration. Nevertheless, Harlow’s business survey has demonstrated continuing growth of business satisfaction with Harlow as a location, reflecting the importance of its proximity to the M11, Stansted and London to businesses.
9.31 It is not surprising, given the presence Stansted Airport, that the sector with the highest degree of specialisation in Uttlesford is air transport, followed by land transport and agriculture. Communications, metals & engineering and construction are also important within the district, despite its essentially rural nature. However, the majority of growth in Uttlesford has been in sectors serving local residents or visitors to the district’s attractions. Of all the areas of Essex, Uttlesford can claim to be the most prosperous, helped by earnings brought back by commuters. Managers and, especially, professional workers are over represented, while economic activity is high.
Heart of Essex Profile

9.32 The Heart of Essex presents a more varied picture across the Districts. Braintree has a number of expanding sectors, including construction, land transport and personal services. It is also strong in retail and wholesale services, which have performed poorly nationally, but very well locally. It is under-represented in key drivers of future employment growth, namely computer related business services and other business services and hotels & catering. There is strong specialisation in agriculture and manufacturing, the latter being a fast declining sector in terms of job numbers. Given that the sources of employment that have been referred to are often low skilled, it is not surprising that 43% of the workforce are in jobs that, generally, require few qualifications. Nevertheless, with a strong and productive economy that has enjoyed significant growth in recent years, together with an economic activity rate of almost 80% and no severe problems of deprivation, the District remains prosperous.
Brentwood’s economy is quite diversified for such a small area. Banking, finance and insurance is the dominant sector, comprising 31.4% of total employment. Distribution, hotels and restaurants (20.7%) is the second largest sector and public administration, education and health (20.6%). Whilst it declined at national level, the communications sector has experienced particularly high growth in the borough. As might be expected from its proximity to London, Brentwood has a high level of out commuting and good transport links. Much of the money earned in London passes into the local economy. Overall, employment in the Borough has increased by an average of 1.6% during the past few years and economic activity, at just over 80% is moderately high. Brentwood has no significant problems of deprivation.
The strength of Chelmsford’s economy in 2010 is that it is not over-dependent on one or two major employers or sectors, but rather supports a balanced economy across a variety of sectors and job types. This is helped by its status as an administrative and retail centre, with a very strong presence of public administration, health, and education sectors, the latter two being growth industries. Other important sectors that, unfortunately, are declining nationally, include finance, communications, and retail. Chelmsford’s resident population is highly skilled, with almost a third of the working age population qualified to degree level (NVQ 4) or above, higher than both Essex and the region. This translates into a high proportion (34%) of the workforce engaged in professional occupations. Many residents with high skills commute to London to work.
Maldon has an extremely high proportion of agricultural jobs, 2.5 times higher than the sector share nationally. It still has a small manufacturing base (metals and engineering and other low tech), which is over-represented because the total industrial base is very small. Construction and personal services are the only two growing sectors. Nevertheless, residents enjoy high rates of employment and have income levels which place the district within the top 40% of districts nationally for prosperity. Reflecting the types of employment available, the District has a relatively high percentage (30%) of its workforce in skilled occupations. Six areas of rural deprivation have been identified, but the issues are around accessibility rather than regeneration.
Haven Gateway

9.36 Much of the Haven Gateway area is in Suffolk, but both Colchester and Tendring are Essex authorities. Most jobs in Colchester are in the service sectors (86%) of which an above average number are in the public sector. This may have a negative impact on the local economy if the public sector is heavily cut. Another challenge is the retail sector, which has performed poorly over past years and has lost out to competitive centres for comparison shopping. The town centre’s revival is a key regeneration priority. On the positive side, knowledge based businesses in Colchester have shown strong growth over the ten years up to 2008 and Colchester is above average in having a skilled workforce, although this predominantly translates into managers and professional occupations rather than those with manual skills. Conversely, the Borough has a slightly below average percentage of working age who are economically active. With greater distance into London, commuting is less marked than in more proximate parts of the county. Indeed, in the main urban area, 70% of employed people actually work in the town. Deprivation, although not a major issue, occurs in small pockets.
9.37 Specialisms in Tendring are tourism, health (due to its ageing population), ports and logistics. In addition, clusters of creative businesses are present in some of the coastal towns. Employment in other Financial Business Services and knowledge based industries is exceptionally low. Turning to the workforce, it is evident that fewer than average are economically active. As regards profession, fewer than average work as managers or in professional jobs, whilst the unskilled are substantially higher in proportion than average. Employment is also very self contained, with 74% of working residents employed within the District. Of all the deprived areas in the county, Tendring is most prominent, with one locality (Jaywick) amongst the most severely deprived in England.
9.38 Thames Gateway South Essex includes Southend on Sea and Thurrock unitary authorities, together with parts of three district authorities, that border the northern side of the Thames and its estuary. Thurrock’s economy is centred on logistics, distribution and wholesale activities around London Gateway Port, Tilbury Port and the Dartford-Thurrock River Crossing, together with the retail sector (most notably Lakeside Shopping Centre). Employment in knowledge driven sectors and the creative and cultural industries is low, but steadily growing. Due to proximity to London, and other employment centres, commuting levels are high, with 28% of the workforce commuting into London. Only 57% of employed residents work in Thurrock. However, this does mean that higher wages are brought back to spend in the area. One further factor is that the proportion of the workforce who are low or un-skilled is far higher (40.3%) than the Essex average (29.9%). Consequent upon these characteristics, five lower super output areas are amongst the most deprived in England.
9.39 At the mouth of the estuary, Southend on Sea is a resort town that has diversified its economic structure. As a result, there are now five key sectors: Financial and Business Services (now largely in decline); Tourism; Advanced Aviation and Engineering (based around the airport); Health and Medical Instrumentation (a growing sector); Creative and Cultural (currently growing); Retail/Distribution and Hotels. However, Southend has low levels of skills at GNVQ level 4 or above, which may make it difficult to support these sectors. Furthermore, out commuting by higher skilled residents places strain on businesses within Southend who need skilled workers but cannot compete with London wages. Only the percentage of the workforce with unskilled occupations is higher than the county average. As elsewhere, deprivation is localised. While there are some small areas that are within the 3% most deprived in the region, residents of many others earn some of the highest wages in the country.
Just to the north of Southend, Rochford District is a predominantly rural area, albeit, with some extensive housing areas. The District has some degree of specialisation in Metals & Engineering and Agriculture both of which are losing employment nationally. Economic activity rates are low in comparison with the county average but professional and skilled workers are well above the average. Many of these people within the workplace no doubt commute to London.
9.41 With a background in design, engineering and manufacturing, some involving blue chip companies, a significantly higher proportion of Basildon’s jobs (14.6%) are in manufacturing compared to Great Britain (10%). High Tech engineering has grown in strength over the last few years and even though the number of manufacturing jobs has decreased, employment is now more specialised and of higher value. However, Services, at 79%, make up the largest proportion of employee jobs in the Basildon economy. The workforce is, predominantly, low skilled with just 38% of the working age population achieving above GCSE level (NVQ 3 +) and 19% achieving degree level or above (NVQ4+). As is the case in Harlow, the workforce that commute into Basildon generally have slightly higher qualifications. Within the Basildon workforce there are fewer than average managers and professional workers and more than average skilled and low skilled workers.
9.42 Castle Point’s economy is mostly focused on population related services: education, retail, construction and real estate. It is under-represented in all other significant sectors. Consequently, growth in these sectors will tend to follow growth in the number and spending power of the areas’ residents. However, much retail spending leaks out of the area to bigger centres such as Lakeside Shopping Centre. On the more positive side, Castle Point has high self employment rates and there is evidence of a flourishing enterprise culture. As regards the town centres, Canvey and Hadleigh are the subject of a bid for a multi-million pound regeneration programme, in part to capitalise on 2012 Olympic Mountain Biking Event. Economic participation is below average, but this reflects the substantial number of older people in the population. Occupations are predominantly, skilled and low skilled and it is not surprising that 62% of the working age population out-commute.
9.43 Innovation, based on research and new technologies, is fundamental to business success in the modern economy. However, for Essex, Southend, and Thurrock, the proportion of businesses that are knowledge intensive is below the national average. This is and will continue to be a significant area of work for stakeholders across Essex.

9.44 It is not surprising to find that Hertfordshire, Cambridgeshire, and Bedfordshire are all above average. Owing to the Cambridge effect, the former East of England ranks third amongst UK regions for the density of knowledge intensive businesses, with 42.8% of all businesses classified as knowledge intensive. In this, it is just above the UK average, with London (61.5%) and the South East (51%) scoring much higher. Even more firms (69%) in the East of England are actively innovating compared to every other UK region (average 62.7%). However, as we have seen, there is substantial variation in the density of knowledge-intensive businesses across the former region.

9.45 Gross value added (GVA) is widely used as a measure of business output compared to inputs (raw materials, staff costs, etc). Taking GVA per economically active resident, Essex performs poorly; worse than England, the East of England region and neighbouring counties, other than Kent. London, in contrast, generates GVA per head well above the national average. In fact, some of the reason for Essex’s poor performance is that many of our resident workforce commute to work in London and their GVA is recorded there. That this is not the entire reason is highlighted by Hertfordshire, which, like Essex, borders London and yet has consistently created GVA per head well above regional and national rates.

9.46 Local Authorities spend substantial amounts on procuring goods, services for their own use or that of their citizens. Essex County Council has a strategic priority to support sustainable economic growth within the county. With a third party expenditure of approximately £837 million (08/09 data), the Authority has an opportunity to support local businesses and therefore the local economy. The 2008/9 annual spend within Essex postcodes was in excess of £318 million, of which approximately £195 million is with Essex SMEs.
10.0 Theme – People and Communities

Demography and geography

10.1 The rate of change in the male population of Essex was fairly stable between 1999 and 2003/04 and then increased significantly after that date. The contrasting sharp fall in the rate of male population growth in London from 2001/02 to 2002/03, followed by a slower rate of growth, suggests that growth may have spilled over from London into surrounding areas.

10.2 In the case of females, the post 2004 growth acceleration was not evident and, indeed, the trend was rather downward. If continued, this may have implications for the supply of labour to occupations that have traditionally been female dominated.

10.3 It is usually desirable, in developing economic strategy, to balance population, housing and employment growth, in order to achieve a degree of sustainability. This can prove to be a challenge. According to estimates from the ONS, all areas within Essex are predicted to experience substantial population growth up to 2031. To provide both sufficient houses and jobs will present a problem. Colchester and Tendring, together, are projected to have the highest rates of growth, commencing with a substantial increase of almost 9% between 2006 and 2011, declining to 5.4% by 2031. Within the East of England region, these figures exceed even those projected for Cambridgeshire. Hertfordshire, with its apparently dynamic economy, is projected to receive fairly modest population growth of just over 3%. Thames Gateway South Essex, with its growth area status, is projected a relatively modest change at around 3% per annum.

10.4 Low skill levels within certain parts of Essex have already been referred. To an extent, this may result from fewer 20 – 39 year olds within the population, given that younger people tend to be more highly skilled. That London has 10% more of its population in this age group compared with the average for the East of England and the South East reflects the attractions of city life for young adults. Hertfordshire and Cambridgeshire are also characterised by a higher proportion in this group, probably for similar reasons. In part, this can be explained by the out migration of young adults discussed later in this section and it has consequences for local business. A response would be to make the county more attractive to young adults.

10.5 With 20% of its population aged 65 and over, Essex Haven Gateway has an ageing population. This reflects the attractions for older people of its coastline and small resorts. In recent years, former hotels in the area have been converted to retirement accommodation marking a move away from the tourism to the health and social care sectors. Thus, changing demography creates both issues and opportunities. Ignoring other local variations, the percentage of residents aged 65 and over within the Essex County Council area is on a par with the rest of the East of England and the South East.
All Females % Population Change 1999-2008

Source: ONS. Crown Copyright

All Males % Population Change 1999-2008

Source: ONS. Crown Copyright
Migration

10.6 London is characterised by huge net out-migration, which is complemented by net in-migration to surrounding areas. However, London out migrants appear to spread over a wide area and, consequently, the impact on Essex and its sub-regions seems modest. For example, for 2009, the net migration to the Essex County Council area was projected to be 7,400, falling to just 7,000 in 2031.

10.7 Conversely, London, together with neighbouring areas, is projected to be a net importer of international migrants. As regards the Essex County Council area and the sub-regional partnerships, both the churn and the net increase are predicted to be modest. In particular, the figures predicted for West Essex are negligible. Essex Haven Gateway, however, for its size, is projected to receive a relatively significant net number of migrants, which may have consequences for services, employment and housing.

Labour Market

10.8 Based on 2007 figures, 26% of Essex residents are employed in public administration, education and health, with 25% employed in distribution, hotels and restaurants. The third largest business sector in Essex is banking, finance and insurance (19%). A cut in employment in public administration over the coming years is likely to create a substantial rise in unemployment unless the private sector is able to expand fast and generate many more new jobs.

10.9 Looking at employment by sector within Essex and its economic sub-regions, West Essex has a higher percentage of residents working in the banking, finance and insurance sector. This may be due to its proximity to good transport links and the financial district in London. West Essex also shows higher percentages of residents employed in transport (Stansted Airport) and communications, compared to England, regional and Essex averages. This reliance on the financial services industry within the county may be seen as a vulnerability in the economy in light of the recent banking crisis, although new legislation that prevents the greatest excesses may resolve the issue.

Economic Activity

10.10 Almost 81% of the working age population in Essex is economically active. This is slightly below the regional average for the East of England and about 2% lower than the activity rate for the South East. However, the figure disguises some variation across the county. In Thames Gateway South Essex, the rate has been fairly stable at slightly under 80%. In comparison, the Haven Gateway rate rose sharply to 81% in 2008 from 77%, while both West Essex and Heart of Essex experienced declining rates. It is unclear how these rates are determined by other factors.

Ethnic Minorities

10.11 Ethnic minorities form only a small proportion of the workforce and are under-represented in both the East of England region and in Essex. In fact it is only in London that ethnic minorities, both male and female, form a substantial element in the resident workforce at around 30%. This contrasts with around 5% across working age people in Essex.

10.12 While the employment of white males is similar, at around 80%, in all areas, ethnic minority participation is more variable. This is especially true for Black British males, whose employment rates are also lower. Generally, Indian males have only slightly lower employment rates than White British males and Pakistani/ Bangladeshi slightly lower still. Lower rates may reflect fewer opportunities, perhaps because of skills, language or another factor.

10.13 Whilst the pattern is broadly similar for woman, two differences are apparent; firstly, ethnic females are generally less likely to be employed (by 5-8%) than white females. Secondly, Pakistani/Bangladeshi females have substantially lower employment rates. This is undoubtedly due to cultural rather than strictly economic factors.

Disability

10.14 Labour market participation rates for those with disabilities\(^3\) are not only substantially below average across the county, but also far more variable. With around 48% of working age

\(^3\) Both Disability Discrimination Act defined andwork-limiting.
disabled males economically active, Essex fares slightly better than England at about 41%, but a little worse than the East of England at 49%.

10.15 The reasons for spatial disparities are not immediately apparent but may represent the interaction of a number of factors. Hertfordshire, with its thriving economy, may encourage a willingness to be economically active (approx. 62%). The Essex Haven Gateway level of economic activity may instead reflect the propensity of older people to move to coastal resorts but continue to register as economically active (approx. 60%). As a further dimension, female economic activity rates, both with and without disabilities, are typically lower than male equivalents.

10.16 The difference between the employment rate and the economic activity rate represents people who are out of work but seeking employment. From this, it is possible to assess whether disabled people find it harder to enter the workforce. Taking an average across the counties, it is evident that any disadvantage (in terms of the gap between being economically active and being in employment) is slight. However, there is considerable variability between areas.

**Occupational Structure**

10.17 Another important aspect of the labour market is the types of jobs that are undertaken. Broadly, the proportions of Essex people with each occupation are similar to England, although there are slightly more managers and slightly fewer professionals. Across Greater Essex, the mix varies from one District to another. For example, 27% of Brentwood’s workforce is made up of managers or senior officials, compared to only 11% in Harlow. Brentwood, again, has only 3% of its workforce in low skilled occupations, but Basildon has 17% of its workforce doing these jobs. Such characteristics, probably, are linked to commuting and house prices. Easy access to London by train combined with an attractive environment inflates house prices and restricts much of the private sector housing to those (managers etc.) who can command high earnings.

10.18 These factors go some way to determining the occupational characteristics of localities – so, in crude summary:

- a preponderance of managers, with fewer lower skilled occupations - Epping Forest, Uttlesford, Brentwood, Chelmsford, Maldon and Colchester;
- greater numbers of elementary occupations, including sales, customer services, personal services and machine operatives - Harlow, Braintree, Tendring, Castle Point, Basildon, Thurrock;
- groupings of middle skilled occupations, including associate professionals, skilled trades and administration and secretarial jobs - Rochford and Southend on Sea.

10.19 Compared to London, South East, Cambridgeshire and Hertfordshire, Essex has a smaller proportion of its workforce in higher skilled occupations. This reflects on the relatively low skills levels across much of the county; currently unfulfilled potential of the HE establishments and, perhaps, a preference for close proximity to Cambridge and London.

**Earnings**

10.20 Earnings vary greatly across the county. Residence-based earnings (based on the place of residence of the worker regardless of the location of the workplace) show a strong east-west divide between, roughly, West Essex and the rest of the county. Higher value earnings in the west depend upon commuting into London plus local employment in South Cambridgeshire and Hertfordshire in high skilled businesses.

10.21 In comparison, overall workplace-based earnings (i.e. earnings recorded at the place of work) are substantially lower and reasonably uniform. Emphasizing this as an issue for Essex, residents of South Cambridgeshire, have significantly higher full-time earnings based on the availability locally of high-skilled and well-paid work. However, it is important to recognize that, allowing for London weightings, earnings for the same job in London or Greater Essex may be similar.

10.22 Between 2007-09 some change occurred to earnings levels. Residence based earnings slumped, especially around London and along the Thames, as well as in the northern part of Haven Gateway. It is probable that, in and around London, this was an outcome of the recession, especially in the financial sector. It is possible that a ‘ripple out’ effect also reduced demand for goods and services in Essex,
resulting in a less well-defined spread of lower earnings. The Essex Business Survey results show that, typically, Essex businesses have a catchment area of no more than 20 miles, therefore, any detrimental impacts on Essex consumers will have a local economic consequence.

Unemployment
10.23 The county’s unemployment rate (6.4%) is lower than the national average (7.4%), but is higher than that of the region (6.0%). Harlow & Tendring are above the national average unemployment rate. Only five Essex Districts have less than the regional unemployment rate, Uttlesford leads the way with only 3.9%. In numerical terms, there were 28,189 JSA claimants in May 2010 - a quarter of them, some 7,070 were aged 18-24. Whilst claimant unemployment remains low nationally, this narrow indicator camouflages the full total of c.90,000 working age benefit claimants, which includes 43,610 Employment and Support Allowance/Incapacity Benefit (ESA/IB) claimants and 15,260 Income Support for lone parents (IS) claimants. These high levels of worklessness are an ignored problem in Essex.

10.24 Essex experienced a similar proportionate increase in claimants as compared to the South East. However, it was proportionately greater than for England and East of England and substantially above the increase experienced by London. These figures suggest that job losses in London have been ‘exported’ to the place of residence of commuters.

10.25 There are signs, however, that the number has now peaked and is, in fact, reducing. The number of available vacancies rose from 5,231 to 6,069 from April to May 2010. Using figures for May as a snapshot, the number of JSA claimants per unfilled vacancy stood at 4.4 (2010), compared to 7.1 in 2009, and 1.8 in 2008 prior to the recession.

10.26 The effects of unemployment vary from district to district: Harlow’s peak (May 2009) of 18.5 claimants per vacancy was five times greater than in May 2008 (3.4), and almost 3 times higher than in May this year (6.9). All Essex districts have seen an improvement in the year to May 2010, except for Castle Point, which is experiencing the highest current ratio with 13.3 JSA claimants per vacancy, compared to 7.9 and 1.8 in May in previous years.

Benefits
10.27 The number of people receiving Employment and Support Allowance (ESA) and incapacity benefits continues to outstrip JSA claimants. The Essex County Council area has an equal percentage (5.2%) of its resident working age population claiming as in the wider East of England region. As with JSA claimants, the South East region performed better, whilst London had a higher proportion of claimants. Within Greater Essex, the highest proportion of claimants (6.4%) are found in the Essex Haven Gateway. This, undoubtedly, reflects the older age group profile of this area. The Thames Gateway South Essex proportion, at 6.1% was almost as high. In contrast, the Heart of Essex area had the lowest rate at only 4.2%.

10.28 In the recession, unemployment doubled to c. 28,000 JSA claimants. Other benefit claimant numbers remained stable, with 43,600 incapacity benefit claimants and 14,260 lone parent income support claimants. In total, c. 90,000 Essex citizens claim working age benefits. Basildon has the highest number with 15,278. In Tendring, 19% of adults claim benefits (over 1 in 3 in some wards), of which 6,890 people claim incapacity benefits. For many workless adults, low skills are an impediment to returning to work. As before, the Essex County Council area had the same rate as the East of England, which was higher than the South East but lower than London. Within Greater Essex, Thames Gateway South Essex had the highest rate at 2.2%, whilst the Heart of Essex Area had the lowest at 1.3%.

10.29 Carer benefits are paid to a relatively small number of people within the county and the rate, in relation to residents of working age, is fairly similar across all of the areas. However, the rate is slightly higher in the Essex Haven Gateway and the Thames Gateway South Essex areas.

10.30 Taking the period 2003 to 2009, both the numbers and rates of benefits claimants has been stable over the period. However, the steep increase in JSA claimants from mid-2008, resulting from the recession, is very pronounced.

Skills
10.31 Whilst progress has been made over recent years, skills levels in Essex are historically low
and remain lower than both national and regional averages.

10.32 Essex has a high proportion of the working age population (16 – 59/64 year olds) with NVQ I skills level or no qualifications (30%), compared to both the regional (27.8%) and national (26.4%) averages.

10.33 Essex contributes 28% (over 117,000) of the region’s working age people with no qualifications – equivalent to 1 in 8 adults in the county. Percentages of working age people with no qualifications are very high in certain districts (i.e. 18% in Basildon, 19.4% in Maldon, 21% in Tendring). This is, in part, because workers in Essex tend to be slightly older than workers across England and older people tend to have fewer qualifications. Out-migration has also played a part. Essex is a net exporter of 16-24 year olds. Younger people – those most likely to hold qualifications – are also the most likely to leave the Essex labour market in search of greater opportunities or higher wages elsewhere. The M11 corridor area boasts the highest skills levels in the county, doubtless because of its proximity to high skilled jobs in both London and Cambridgeshire.

10.34 It appears that the incentive to learn in Essex is less than in other areas. Many Essex residents enjoy high living standards with few formal qualifications, as a direct result of access to highly paid jobs in London. The capital provides a large pool of unskilled jobs, which is reflected in the choices made by Essex’s school leavers. A quarter of all 16 and 17 year olds do not participate in any form of learning, preferring instead to enter employment. Overall, Essex has a below average proportion of 16 and 17 year olds engaged in education and training. The county also remains slightly behind in terms of achievement of NVQ Level 2 and 3 by age 19.

**GCSE Performance**

10.35 Despite recent improvements in GCSE results, Essex suffers from poor educational attainment in schools with around 50% of 16 year olds leaving statutory education without 5 or more GCSEs, including English & Mathematics, a level of qualification required to progress towards higher education or into gainful employment. Essex also lags behind the regional and national averages in terms of the numbers of school leavers with 5 or more GCSE of grades A*-C. It is still lower than the regional average and that of comparable areas when it comes to school leavers achieving grades A*-G. Consequently, a number of our young people leave education to accept low paid/skilled or temporary employment, or become inactive. During the early part of the recession, under 25s lacking skills and experience were less able to secure employment, due to greater competition for fewer job vacancies.

**Skills Shortages**

10.36 Although Essex’s performance in up-skilling those of working age has improved in the last seven years, there is still a long way to go before the county can achieve parity with regional and national averages. Currently, there are 168,400 people in employment without a Level II qualification. To meet Essex’s 69% LAA target in 2011 from today’s 62.2%, an additional 20,000 adults would have to gain level II qualifications. Essex needs to outstrip this, however, to achieve parity regionally and nationally, stimulating 65,000 and 50,000 additional qualifications, respectively. Nevertheless, it is not just about chasing qualifications, but in matching skills in the workforce with business needs.

10.37 A lack of skills is a significant barrier to employability, especially as we face greater competition from outside the county and abroad.

10.38 To date, Essex citizens with no qualifications have been able to gain employment at disproportionately high levels compared to our neighbours in the East of England. By 2015, less than one in ten jobs will be available to those with no qualifications. In the UK, it is clear that Level II qualifications are now, or soon will be, the access threshold for entry into employment. In the short term, low skills levels have the effect of hampering career progressions for a large group of Essex workers and stifling productivity and innovation in Essex businesses. A lack of potential skilled employees will also limit inward investment in the area.

10.39 Recent business surveys have highlighted that in addition to technical and managerial skills gaps, many workers lack functional or key skills e.g. numeracy, literacy, IT, communication and team working skills. Recent reductions in funding for adult training and for Level I qualifications exacerbate this problem. Skills
voids are of particular concern for older workers (aged 50+), who have been or are at risk of being made redundant.

Training

10.40 In a notoriously under-skilled economy, it is important to concentrate on the skills of the working age population, since those who are in employment are less likely to choose to or have the opportunity to learn. Local employers offer relatively few training opportunities and as a result, fewer Essex adults participate in learning than in neighbouring areas. This is partly because Essex workers are older, younger people tend to receive more training, but it is also due to the size of local firms. Essex has a high proportion of SMEs and small firms are also less likely to provide training than their larger counterparts.

10.41 Essex’s public sector, in general, offers more job-related training than the private sector and the production sector. The public sector is traditionally committed to offering training to their employees to provide a high skilled workforce and increase work-based knowledge in the sector. The private sector and production sector are discouraged by the financial cost, loss of staff time and impact on production.

Apprenticeships

10.42 Much work has been undertaken by partners across the public sector in Essex to support local businesses and individuals and to encourage the take up of apprenticeships and training. The Essex Apprenticeships Programme launched in September 2009, commenced with a part-funded European Social Fund project to develop an Apprenticeships Training Agency (ATA) to enable businesses to take on new apprentices in the engineering and manufacturing sectors. Since then, the project has developed into a programme that will support 1250 new and additional apprenticeship opportunities in a range of key sectors, and targeted at vulnerable young people and districts with the highest numbers of NEETs (Not in Employment, Education, or Training). Essex has been at the vanguard of this ATA approach and secured c. £6 million of commitments from local, regional, national and European funding sources.

Economic and Social Inclusion

10.43 Although Greater Essex is a prosperous part of southern England (within the 20% least deprived), it has some pockets of deprivation. Most severe of these is Jaywick, on the Tendring coast, which is the 3rd most deprived neighbourhood in England.

10.44 Looking at our regional neighbours, both Cambridgeshire and Hertfordshire have slightly lower levels of overall deprivation, whilst Suffolk and Kent have higher levels. The unitary authorities in the Eastern region (Southend on Sea and Thurrock in Greater Essex) all suffer from higher levels of deprivation than the counties.

10.45 Within Greater Essex, Tendring, Harlow and Basildon districts are classed as within the 38% most deprived districts nationally. However, deprivation occurs not at a district level, but in small neighbourhoods. Essex contains 39 neighbourhoods that are calculated to fall within the 20% most seriously deprived areas nationally. These areas fall within Basildon (20 neighbourhoods), Chelmsford (1), Colchester (3), Epping Forest (1), Tendring (12) and Harlow (1).

10.46 In the UK as a whole, it is estimated that 23% of 16-19 year olds and just over 20% of those in the 20-24 age group live in poverty. The official definition of poverty is those families with an income lower than 60% of the national median.

Children Living in Poverty

10.47 Approximately 17% of children in Greater Essex live in families that are income deprived (i.e., in receipt of Income Support, Income based Jobseeker’s Allowance, Working Families’ Tax Credit or Disabled Person’s Tax Credit below a given threshold). This is lower than the national figure of 21.0%. However, as with the wider deprivation measure, it is how this manifests itself at the local level that is critical. Within Greater Essex, Southend, Harlow, Basildon and Tendring have the highest child poverty scores, while Uttlesford has the lowest.

Life Expectancy

10.48 Deprivation does not just manifest itself as low income. Both male and female life expectancy is markedly lower in Tendring District, Thames Gateway (both in Kent and Essex) and Harlow.
The difference in life expectancy across Essex can be as much as 14.1 years⁴.

10.49 Life expectancy variations are broadly reflected in self-assessment of good health. Perceptions of personal health are more positive along the South Cambridgeshire – Chelmsford axis, and also in the northern part of Haven Gateway. Tendring stands out as the area with the smallest percentage of the population reporting good health. This may reflect the District’s role as a retirement area.

10.50 Differences in the level of health and quality of life within an area can have massive consequences for the economy, in terms of employment, ESA benefits and the cost of health and social care provision.

Crime

10.51 The relationship between deprivation and crime nationally is well documented. Fortunately, Essex is relatively crime free. Nevertheless, higher levels of crime than elsewhere in Essex are recorded in Harlow, Thurrock, Southend, Basildon, and to a lesser extent, Tendring. These five authorities also have the majority of neighbourhoods that suffer from serious deprivation. However, a causal link cannot be established using the available data.

10.52 Essex suffers from relatively little violent crime in comparison with the East of England and South East regions and London. Only Harlow has a higher rate than elsewhere in Essex.

10.53 However, there is a more marked pattern of burglaries in the south of the county, extending from Harlow and Broxbourne in Hertfordshire to Thurrock and Basildon. In view of the substantially higher rates in London as compared to surrounding regions, this crime may spill out of London rather than being generated within the local area.

10.54 Across Essex, there are differences in anti-social behaviour, or rather, perceptions of anti-social behaviour. Fewer residents of the northern part of West Essex, together with most of the Heart of Essex districts, consider anti-social behaviour to be a problem. The greatest perceptions of anti-social behaviour as a problem are evident in Thurrock. As with burglaries, the slightly higher rates shown by the London border areas may reflect a spillover effect from London.
11.0 Theme- Sustainable Economic Growth

Natural and Historic environment

11.1 Despite being in one of the most densely populated areas in Europe, Essex boasts a rich and varied environment. It has one of the longest coastlines of any county (over 350 miles), two conservation areas of international importance (sites designated as Special Areas of Conservation and Protection) seven national nature reserves, 1440 local nature reserves, 81 SSSIs, over 30,000 historic sites and more than 300 Scheduled Ancient Monuments.

11.2 Well looked after environmental assets have a number of benefits for the county including increased tourism and investment. The health benefits for local people (both physical and mental) are also well documented: attractive, diverse and well maintained public open space is a valuable community resource that brings improvements to quality of life and civic pride. There is strong correlation within the county between areas with a high percentage of land area given over to green space satisfaction with the local area and a sense of ‘belonging’ to an immediate neighbourhood.

11.3 However, more effort is required to maintain the quality of the environment. Only just over half of SSSIs are considered to be in favourable condition. As regards air quality, concentrations of Ozone are high in both urban and rural areas. Certain pesticides and herbicides exist as residues on much of the county’s agricultural land and are a threat to wildlife. Over 33 per cent of rivers and lakes (in excess of 280km of river length) currently achieve at least good biological status. The Environment Agency has plans to improve upon this by 2015.

11.4 Research on the interaction of business and environment is in its early stages, especially at the level of an upper tier authority, however, a good quality environment is preferred by modern mobile businesses and is an asset to attracting new investment.

11.5 One approach to measuring the impact of the Essex economy on the wider environment is the estimation of the total energy and materials (i.e. all resources) consumption of Essex residents – the county’s ‘ecological footprint.’ On this measure, the county’s footprint has a value of 5.57 global hectares per person, which is slightly higher than the UK average footprint. It is also far greater than the sustainable, target footprint, which is only 1.9 global hectares per person. The county’s large footprint is mostly due to higher than average car and rail mileages.

11.6 Considering just CO₂ emissions, it is notable that both Thurrock and Uttlesford have levels of emissions that are roughly twice as high per capita compared to the rest of Essex. This is no doubt due to the presence of a major port and airport in Thurrock and Uttlesford respectively.

11.7 Turning to just CO₂ emissions from business sources, these represent 32.6% of all Essex emissions. This is less than the East of England region figure of 37.1. However, this should be seen in the context that actual business emissions in Essex are greater than any of the other counties and unitaries in the region. On the more positive side, business emissions reduced slightly between 2005 and 2007.

11.8 The level of CO₂ emissions is clearly unsustainable as is the associated usage of fossil fuels. Both endanger the future economy of the county. However, this also represents an opportunity for the development of alternative fuel sources and innovative technologies. The use of certain agricultural chemicals also represents a threat to the county’s ecology through pollution of water courses, but there may be opportunities for alternative methods of cultivation and improved technologies to be developed in the county.

Flood and Coastal Risk Management

11.9 Substantial stretches of the Essex coast including built up areas are subject to flood risk. Although flood defences have been improved, there remain points of weakness, even in high risk locations.
Hazardous Waste

11.10 Essex produces about 67,000 tonnes of hazardous waste per year compared to Suffolk (56,000 tonnes per year) and Norfolk (72,000 tonnes per year). Based on the waste handled by the biggest producers, the largest quantities of waste are associated with construction and demolition, packaging and clothing plus refining petroleum, gas and coal.

Business engagement

11.11 Electricity, gas and water costs are all becoming more significant for businesses. To address this, an European Development Fund project is underway with south Essex SMEs. Running to 2013, the project will identify cost and carbon reducing measures together with water and materials savings.

Opportunities for the ‘green-tech’ sector in Essex

11.12 The environmental goods & services (EGS) sector can be defined as all technologies that are less environmentally harmful than relevant alternatives, or end-of-pipe technologies that clean up pollution. These include pollution management (e.g. air pollution control, waste management); less polluting and less resource intensive technologies and services (e.g. renewable energy); and ways to manage resources more efficiently (e.g. water supply, energy-saving technologies). Essex has more than 600 companies operating within the EGS sector – greater than any of the region’s other counties and employing more than 10,000 people.

11.13 There appear to be three main clusters of Environmental Technology companies developing in the county, the first in Colchester, with over 110 companies; the second in Chelmsford, with over 80 companies; and the third in Braintree, with over 60 companies.

11.14 The UK is now the world’s largest market for offshore wind generation, with forecast expenditure of 10.7 billion Euros. Growth in this sector has the potential to deliver economic benefits from both domestic deployment and exports of technology and energy. The East of England Low Carbon Innovation Evidence Base report has highlighted that offshore wind represents the region’s most significant opportunity for low carbon economic growth. Adding to this, a recent study commissioned by Renewables East, suggests that a potential 2,300 direct jobs and 1,500 ‘supply chain’ jobs could be secured into the region, delivering over £100m per annum to regional Gross Value Added (GVA) by 2030.

Power Generation

11.15 In 2006, renewable sources represented 3.6% of all electricity generated, increasing from 1.8% in 1990. The target for 2020 is, a legally binding, 15%. In order to achieve this, it is probable that the emphasis will be on wind power. The East of England region has natural advantages for this power source, including a shallow sea and reliable wind patterns. Having already become the country with the greatest installed capacity, the UK is now the world’s largest market for offshore wind deployment, as described above.

11.16 If the current capacity of nuclear in the energy mix is to be maintained in 2025 there will need to be just over 9 GW of capacity added, which could mean between 6 and 8 nuclear reactors built in the UK, representing a market of approximately £21 billion in the next decade, according to the Office for Nuclear Development (OND). Bradwell, site of two reactors that are currently being decommissioned, is a proposed site for a new reactor.

Low Carbon and Construction

11.17 The construction and operation of buildings has a significant environmental impact. Around 50% of UK carbon emissions and water consumption are from buildings. One third of landfill waste and one quarter of all raw materials used in the economy are also attributable to the built environment.

11.18 However, opportunities are available to improve the environmental performance of existing buildings. The necessary technologies need skills in ICT and systems integration, which may be problematic locally. However, within Essex, Anglia Ruskin University - through its Built Environment Research Group - specialises in aiding the local, national and international construction industry.

Water– supply/capacity/future demand

11.19 Maintaining sustainable water supplies in the traditionally dry East of England is a key
challenge. While demand from non-domestic sources is expected to decrease over the next 20 years, domestic usage will rise with the rising population. The national water strategy for England, ‘Future Water’, sets an aim of reducing household water consumption by 13% by 2030, from 150 litres per person per day down to 130.

11.20 Water companies have stated their long term ambition to install meters in all homes to help progress towards meeting the national target for reduction in water consumption. Currently, 35% of Essex homes have water meters, approximately the same as the UK average.

11.21 While water companies’ management plans allow for increasing demand over the next 20 years, water resource deficits after 2031 will require a twin track approach of further demand management, including greater water efficiency in new and existing homes and some supply-side measures to meet forecast growth.

Transport and other Infrastructure

11.22 Data from the 2001 census demonstrate that the majority of Essex residents travel to work by car. Essex had a high rate of car and van ownership per household (81%), which was similar to the regional figure of 80%, but substantially higher than the national figure of 73%. The regional split between transport modes shows that private transport was strongly favoured. On average, 45.9% of trips were undertaken as a car driver compared to only 6.6% using public transport.

11.23 Use of the public transport network – particularly trains – was surprisingly low in 2001, given that Essex has more railway stations than any other county in the East of England region. This suggests potential issues with the affordability, reliability and accessibility of the rail network that are unlikely to have changed greatly since 2001.

11.24 Capacity on the mainline railway route from Liverpool Street Station to Norwich is at its limit in places; at peak times the number of passengers substantially exceeds the number of seats between Chelmsford and Liverpool Street. By 2026, this level of use is predicted to extend to Ipswich. The London, Tilbury and Southend line (Essex Thameside), which operates from Fenchurch Street station is equally congested, but benefits from a service consistently rated as the one of the most punctual in the country.

Reducing congestion

11.25 The East and the South East of England travel the furthest average distances to work compared with the rest of England, with Essex travelling further still. Traffic flow in Essex has remained higher than elsewhere within the East of England in the last 15 years and, in 2008, was estimated at 14,055 million vehicle kilometres per annum. This represents 25% of the total number of vehicle kilometres in the East of England. Traffic levels through neighbouring Kent are broadly comparable to Essex.
11.26 Estimates show that every hour that a highway user is delayed costs the Essex economy approximately £11.40 per user. Congestion costs in the region are set to double to over £2 billion per annum by 2021.

11.27 Essex has 12 stretches of road which are officially classed as congested. These hotspots are predominantly on the A12, A127, A414 and A132. The junction of the A13 and A130 at Sadlers Farm is also particularly busy.

11.28 For those who use public transport, punctuality and reliability has the potential to impact on economic growth. Journey times are currently exceeding the targets put in place by the Local Transport Plan but the punctuality of scheduled bus services is below target, remaining steady between 2007 and 2008 with 77% of buses between 1 minute early and 5 minutes late at the start of their journey.

11.29 The Crossrail development should increase capacity of the rail network between west London and Shenfield. However, this major capital project remains uncertain. The Government has said that it fully supports Crossrail and the core service from Shenfield would appear to be safe, but there may be components of the scheme cut to reduce the budget.

11.30 Every year over 100 million tonnes of freight is moved to, from and within Essex and at least 30 million tonnes of this is transported through the County. It is estimated that 95% of overland freight in Essex is carried by road and 5% by rail. This has consequences both for road network development and passenger train services. Additionally, the provision of lorry parking, especially on the National Network (A12, M25, M11) for port traffic is an issue.

Further information about transport can be found in the forthcoming Essex Local Transport Plan.

Ports and airports

Essex Port Developments

11.31 There are two proposals for major new port developments in Greater Essex: London Gateway in Thurrock and Bathside Bay at Harwich. The London Gateway proposal is currently under development and will provide the most significant UK port development for 20 years.

11.32 The deep water container port will be able to deliver the most up to date efficient facilities comparable to anything else worldwide, adding an additional 2.5 million TEU (standard twenty foot equivalent cargo units) to the nation’s port capacity. This will help meet a recognised demand for extra capacity in the UK. Development commenced in 2010 and will be completed by 2013 potentially creating 12,000 new jobs directly, with the knock-on effect of creating around 36,000 new Essex jobs. The investment will run to £1.5bn and include the development of a 9m square foot logistics business park. The project will cover 1500 acres. In its entirety, the investment in the London Gateway represents the biggest injection of inward investment in the South East.

11.33 The Bathside Bay project at Harwich is in the same ownership as Felixstowe on the north side of the Estuary. Bathside Bay has planning consent but has not progressed – partly due to the downturn in world trade and concentration on expansion at Felixstowe. The current planning permission expires in 2016 and the applicant is seeking an extension to 2021. It is now highly likely that the development will not materialise until post 2021. The development of offshore wind energy generation is being considered as part of this project.

Essex Airport Developments

11.34 Stansted is the third largest airport in the UK for both passengers and freight. However, the preponderance of low cost flights to the UK and Europe, means that its economic impact is less than a similar sized airport used by conventional airlines. Currently, throughput is 19.7 million passengers per annum, having peaked at 23.5 in 2007 before the start of the recession. The proposals for a second runway to accommodate expansion to 68 million passengers per annum have now been withdrawn, although the airport has got planning permission to enable significant growth around one runway.

11.35 The airport serves a predominantly European and UK market area providing passenger flights to about 150 destinations. It currently employs some 10,900 workers, almost a quarter of whom (24%) live in Uttlesford District. Essex, plus 35% from the remainder of Essex. In 2010, there are in excess of 1800 passengers per worker, compared to just 860 passengers for every employee in 1998. This productivity
increase is down to technological innovation, leaner low cost airline supply chains and consolidation amongst low-cost carriers.

11.36 Despite being an important employment centre, it has not delivered the job forecasts or the estimated wider economic benefits claimed to support the various expansion phases. Nevertheless, Stansted’s future should see it become the primary route into London for flights from China.

11.37 Southend Airport is currently a predominantly general aviation and business aviation airport, with only a weekly summer scheduled service. The runway length limits its ability to provide for the needs of the current short haul scheduled carrier fleet. Following planning approval for a runway extension to 1799 metres in early 2010, the airport owners are planning to complete the extension by Autumn 2011, at which time the new terminal building and railway station will be in place. In 2009, the airport in total provided the equivalent of 1,090 full time direct jobs plus 80 indirect and a further 520 jobs in the wider economy.

Transport in rural areas

11.38 Reliance on private motor vehicles is common in rural Essex and likely to remain so. Villages and market towns are served by bus routes, many of which are heavily subsidised and, in some cases, vulnerable to rationalisation. Whilst modelling is constantly being updated to make best use of the routes, without significant investment, the bus is not going to become the preferred method of transport. Limitations include timetabling; the lack of early or late buses, which from an economic perspective means that economically active people (commuters, etc) are forced to use their own cars. Community transport and phone and hail schemes are being developed but seem to be primarily concerned with the elderly and frail and are often limited in funding. Whilst taxis serve an invaluable service in some parts of the county, particularly during the day when they serve a significant community function, fare tariffs in peak times are high.

Land and Buildings

Business land supply and demand

11.39 Viewed as a whole, the amount of retail floorspace in Greater Essex has increased moderately, industrial floorspace has remained fairly static and office floorspace has decreased over the period 1999-2008. This, however, masks great differences between the districts in the way in which business sectors have evolved.

Premises costs

11.40 Commercial and industrial premises costs are determined by a number of factors, including location, proximity to London and age of building, each of which can have a large influence on the rents that are charged. The average cost of renting office or industrial units in Essex varies greatly between districts, with the highest rents being charged in Chelmsford and lowest in Tendring.

Regeneration projects

11.41 Regeneration in Essex is tailored to the needs of our four sub-regions and will retain its sub-regional delivery focus over the lifetime of the Local Enterprise Partnership. Whilst subject to change due to cuts in public expenditure and the uncertainties regarding the roll-out of Regional Growth Fund monies, previously prioritised regeneration projects are listed in Appendix 1.

11.42 Aside from the above, future investment in regeneration across Essex will be informed by work already undertaken to enhance the Greater County’s economic environment; and, predominantly, by the results of the prioritisation exercise completed as part of the Integrated County Strategy process. The ICS has been built from a robust and comprehensive evidence base, of which this LEA is a critical component. The ICS’ remit is broad. It exists to improve the quality of town centres, transport systems, housing and employment opportunities across Essex.

Town Centres

11.43 Town centres are home to a wide range of uses that need to be accessible to large numbers of people and, in many cases, have mutually beneficial relationships. Examples are theatres and restaurants; shops and street markets; higher education establishments and bars. There are also commercial uses that find it beneficial to cluster in town centres, for example, estate agents. Consequently, the
dispersal of activities away from town centres leads to unsustainable travel patterns and weakens the long term vitality and viability of town centres.

11.44 Essex town centres vary in the range of functions that they contain and in the level of consumer choice. Given this variation, catchment areas usually overlap, so that those associated with smaller centres are subsumed within the catchments of the county’s four regional centres; Basildon, Chelmsford, Colchester, and Harlow.

11.45 Over the past few years, all four have expanded with both retail and office uses and there are plans for further growth. However, there has been very little new retail development in the county’s nineteen smaller centres. In fact, it can be difficult for small centres to accommodate substantial growth, especially of offices.

11.46 Clearly, the retail and office market operates across administrative boundaries and there are a number of large retail centres close by that attract Essex residents.

11.47 All of the town centres are forecast to increase turnover on comparison goods by 2019, ranging from 27.9% (Lakeside) to 39.2% (Colchester) for the largest centres and 30% (Brentwood) to 38.2% (Clacton) for the smaller towns.

11.48 Although retailing and other population related services are strongly related to local spending power and, thus, less amenable to public sector enticement based on, for example, site and labour costs and the transport network, retailing is one of the most dynamic sectors of the economy. Consequently, town centres need to remain attractive for consumers if that are not to lose out to alternative retail centres.

11.49 The vitality and viability of town centres is particularly influenced by,
- retaining and developing a wide range of attractions and amenities;
- encouraging mixed-use development;
- ensuring good accessibility to and within the centre by all means of transport;
- creating and maintaining an attractive environment.

**London 2012 Olympics and Paralympics**

11.50 The most important benefits to Essex of the 2012 Olympics will be the Mountain Bike Event at Hadleigh and the Lee Valley White Water Centre. These benefits will include changes in numbers employed, levels of visitor expenditure, increased profile and investment in the local area. Nevertheless, there undoubtedly will be other benefits to the general Essex economy stemming from the main Olympic site in East London. *This is investigated in depth in section 3.f of Appendix 1.*
**Housing supply and demand**

11.51 Between 2001 and 2009, 44,300 dwellings were completed in Greater Essex (an average of 5,500 a year), with Essex Thames Gateway and Heart of Essex each accounting for about 30% of those completions. Nevertheless, dwelling completions have shown a downward trend from a peak of 6,300 in 2004/05 to 4,800 in 2008/09.

11.52 Dwelling starts in Greater Essex experienced a significant reduction in 2008/09 due to the onset of the recession. This reduction in dwelling starts will impact on dwelling completions in future years, although there is expected to be a lag as existing development sites are completed.

11.53 Since 2007, property sales in Greater Essex fell by 50%, from 42,800 to 21,000 in both 2008 and 2009. On the construction side, production levels are forecast to recover only very slowly, due to continuing difficulty in funding schemes, especially larger ones.

**House prices**

11.54 County and regional house prices have shown a strong upward trend. It is notable that since 1995 there has been some divergence of average house prices, especially in comparison with London. Prices in Hertfordshire, with its prosperous economy, have shown a strong performance, but Southend and Thurrock performed poorly in comparison with other upper tier areas.

11.55 House prices in Greater Essex generally follow national and regional trends. The highest prices at 2001 and 2009 were in Brentwood, Epping Forest and Uttlesford. Conversely, lowest prices at 2001 and at 2009 were in Tendring, followed by Southend and Thurrock at 2001 and by Harlow and Thurrock at 2009.

11.56 All areas showed increases in house prices between 2001 and 2009, varying between 49% for Epping Forest and 84% for Thurrock. House prices generally peaked in 2007/2008, reflecting the onset of the recession, with all areas recording lower prices in 2009. There were some sign of recovery of house prices during 2009 but the latest estimates are still generally below previous peak values.

**Affordability Ratios**

11.57 Between 2001 and 2007, house prices grew faster than earnings in the majority of Essex, with a modest reversal after 2007. Compared to the East of England, Greater Essex, mostly, required a larger multiple of annual earnings to purchase an equivalent house. The exceptions were Basildon, Harlow, Southend, Tendring and Thurrock for all or most of the years. Prices in 2008 were at least ten times earnings in Brentwood, Castle Point, Maldon, Rochford and Uttlesford.

**Affordable housing**

11.58 At regional level the East of England Plan (now withdrawn) sought provision of 35% of new housing to be affordable, whilst recognising that a higher target may be justified in more pressurised areas. Between 2001 and 2008 Greater Essex delivered an average of 1,057 affordable dwellings a year, which is just 16% of the planned total dwelling provision each year. However, it is close to the rate of 18% delivery recorded for the region as a whole.

11.59 The Heart of Essex sub-region delivered 25% of its total planned provision of affordable housing, but the other three sub-areas in Greater Essex only delivered between 13% and 14%. Recent dwelling completions in Greater Essex have been meeting 17% of the needs for affordable housing assessed in Strategic Housing Market Assessments (SHMAs). But this average conceals a wide variation between the Greater Essex sub-areas, ranging from 34% in West Essex (M11 Corridor) to only 8% in Essex Haven Gateway.

11.60 All of the information in this narrative summary section is available with more detail, depth and analysis in Appendix 1.
12.0 External issues and opportunities that will influence the Greater Essex economy in the coming years

NOTE: This section is purposely separate from the foregoing LEA. This is because future trends and issues are, by their very nature, open to different interpretations. Nevertheless, the two reports should be read together.

12.1 If Essex is to continue as a successful county in the 21st Century it will need both to adapt and grow its economy. As its population continues to increase, Essex will need to develop innovative and sustainable ways to underpin its economy, matching high incomes with strong local growth. However, in an increasingly globalised world, Essex will also have to contend with greater competition from across the globe and a multitude of environmental, social and economic challenges over which we will have limited control. For example, climate change, continued global population growth and scarcity of resources. Nonetheless, the coming decades present an opportunity for the county; with the technological and communication advances we are likely to witness, new possibilities will emerge for Essex to carve out an important position in a globalised economy. Below is a detailed discussion of the key external issues and drivers confronting the county in the coming years, and the challenges and opportunities which might be presented by these developments.

Peak Fuel and Resource Shortages

12.2 Peak Fuel refers to the point at which the world reaches the maximum extraction rates of fossil fuels, after which time these resources will be in terminal decline. The concept is based on the work of M. King Hubbert, who initially predicted the decline of natural resources such as gas, oil and coal in 1959. It is expected that fossil fuels will still meet the majority of the UK’s energy needs by 2020 (DTI, May 2007). However, remaining reserves of fossil fuels are already limited to a declining number of countries and this introduces a significant security consideration. It is also worth noting that there is a good deal of debate about the rate of oil depletion, not least given the competing interests of oil companies and national governments in their reporting mechanisms (Campbell, 2010). Essex is currently dependent on fossil fuels for around 99% of its energy, either directly or indirectly and will need to give consideration to energy certainty, and how energy supplies can be secured in the future.

12.3 The most severely depleted resources globally are oil and gas. Although there are differences of opinion within the scientific community, a reasonable estimate is that global peak oil production for example, will occur within the next 5-10 years (ITPOES, 2010). Oil and gas production in the UK peaked in 1999 and is already in decline. The UK is now a net importer of crude oil and according to the Department for Energy and Climate Change (DECC) estimates, around 35% of national reserves remain (2009). Although global coal supplies are still in relative abundance and have less associated geopolitical security risks, with reserves in more politically accessible areas, it is worth noting that the UK is likely to be reliant on coal imports for around 75% of national demand by 2020 (World Energy Council, 2007; DTI, 2007). The speed at which remaining fossil fuels are depleted depends upon both the number of new discoveries of fuel reserves and the rate of consumption.

12.4 Essex, like other counties will need to make adaptations to maintain secure energy supplies if it is to compete economically, as well as meet the domestic demands of its population. Although fossil fuels will only be in decline by 2031, and are not likely to have been completely exhausted, geopolitical security factors and increased demand, as described above, could lead to shortages and subsequent prices rises within this period (Ofgem, 2010). Energy consumed by industry in Essex is notably lower than the regional and national average, with domestic use accounting for the largest share (based on DTI Energy Consumption Statistics, see ECC, 2007). This is a reflection of a relatively low number of Essex workers employed in the industrial sector. However, this does vary across the county – in some areas, such as Uttlesford, aviation is an important industry, and the Ford motor company has long been a crucial employer in the region. Clearly, these industries are reliant on ensuring access to fossil fuels in the absence of significant technological development, although it is worth noting that the heavy investment in clean engine technology at Ford’s R&D base at Dunton, Basildon, could potentially contribute
to such advances. Furthermore, given that Essex has a thriving SME sector, issues such as rising prices (undermining competitiveness) could be problematic for the local economy across the county. Conversely, the emerging opportunities for Essex business in a low-carbon era are explored below.

12.5 It might be important for the county to maintain a role in oil processing and storage, especially given the increased leverage which will be provided by regional trade in times of scarcity (Futurist Ltd, 2009). It is worth noting however that there needs to be consideration of the impact of such development on the local environment. There is much greater trade in crude than in oil products, so sourcing crude (which can then be processed locally and distributed) gives access to wider markets and greater security of supply (Wood Mackenzie, 2007). Coryton refinery in Thurrock, Greater Essex, is currently owned by Petroplus Holdings, a Swiss (was Dutch) company but distributes products mainly in the south of England so the existence of the plant is important to regional fuel security. Domestic refineries like Coryton, which employs over 500 staff and uses around 650 contractors, are also valuable employers (Petroplus Holding, 2010). There are also oil storage depots adjacent to wharfs on the River Thames in Thurrock, and Calor Gas and Oikos both have gas storage facilities on Canvey Island, connected to the pipeline network. The sector employs many high wage earners, although it is becoming increasingly difficult to attract talent locally and this is threatening the UK’s competitiveness (Wood Mackenzie, 2007). Overall, Essex will need to maintain an economy which derives maximum benefit from the processes associated with refining and utilising peak fuels, whilst also taking the lead in the development of alternative energy sources (see discussion on R&D below).

12.6 It is also worth noting that the UK economy, and in particular the manufacturing and construction industries, are also dependent on the adequate supply of precious metals and minerals. The now global supply chains of goods and services also means the global sourcing of materials in order to exploit opportunities for competition (BERR, 2008). This leaves these sectors open to strategic and geopolitical risks, as well as natural depletion, as is the case with fossil fuels. The government is currently commissioning a report to assess the extent of the resource shortages we are likely to experience in the following decades and address the issues around our substantial and growing dependence on foreign supply (Jowit, 2010). Whilst they are in decline, the UK does have significant indigenous mineral resources. For example, Silicon Sand is an important resource in the construction industry and can be sourced in Essex (British Geological Survey, 2004). On the other hand, the country is wholly dependent on imports for the supply of metals (apart from Steel, Lead and Aluminium) (British Geological Survey, 2004). Technological advances and developments in specialist areas (to which both the UK and Essex economies have contributed significantly) have also led to new emerging pressures on these resources. For example, progress in green automotive technology, leading to the manufacture of new components has increased demand on precious metals such as Platinum (BBC, 2002).

12.7 Essex is committed to realigning its economy in the face of environmental challenges and possible fossil fuel shortages (as outlined above). This is part of a regional effort to achieve a vision for the East of England to be at the forefront of a low carbon and resource-efficient economy by 2031 (EEDA, 2010). As demonstrated earlier in the assessment, Essex has relatively low carbon emissions by regional and national standards. However, it is still highly reliant on fossil fuels and like every county it will have to deal with a variety of environmental and financial pressures in the...
future, such as those associated with local energy needs and international commitments to move to a greener economy. The transition to a low carbon economy presents both challenges and opportunities for economic growth.

12.8 On the one hand, the county is well placed to carve out an important role in the low-carbon economy. National policy requires 15% of all energy requirements (including transport) to be provided from renewable sources by 2020 (EEDA, 2009). The global market for low-carbon energy products is likely to be worth around $500 billion by 2050, perhaps much more, and the East of England is ideal for renewable energy generation given its extensive coastline and rising wind speeds (Stern, 2006). The world’s largest offshore wind farm is currently under construction off the Essex and Kent coast, in the outer Thames Gateway, and it is anticipated that, when fully complete the project will generate up to 1,000 MW of electricity. This is enough to meet the electricity needs of 750,000 homes – around a quarter of Greater London (London Array, 2010). There are also established wind farms such as Gunfleet Sands, off the coast of Clacton-on-Sea, which already produces enough energy to meet the needs of 125,000 homes (Dong Energy, 2010). This progress in off-shore wind generation could further Essex’s competitiveness, especially given the peak fuel issues discussed above, since new investors are likely to be increasingly attracted to locations that can guarantee a readily available and reliable energy supply.

12.9 In 2008 the Crown Estate launched a tender process to invite offshore wind energy developers to bid for leases in nine areas around the British coast. The Crown Estate’s Round 3 offshore wind programme aims to set up 25GW worth of offshore wind farms in UK waters by 2020, once again underlining the region’s position at the heart of the UK’s offshore wind industry. Construction on the wind farms is scheduled to begin by 2015. Dogger Bank (immediately to the north of the Humber) and the area known as the Norfolk Bank Zone were identified as the Round 3 Development Zones off the East of England coast. Dogger Bank zone - the Forewind Consortium equally owned by each of SSE Renewables, RWE Npower Renewables, Statoil and Statkraft – were awarded the lease to develop this area. The project is expected to deliver around 9 GW of electricity. Norfolk Bank Zone - East Anglia Offshore Wind Ltd – a joint venture between Scottish Power Renewables and VattenfallVindkraft – selected as the preferred bidder. The project is expected to deliver around 7.2 GW of electricity.

12.10 Essex is also in a good position to carve out a role in the supply chain for wind technology. The county’s many engineering and manufacturing firms who have supported the aviation and automotive industries in the past, are well equipped with the relevant transferrable skills. Moreover, our petro chemical/ refining capabilities mean that we also have competence in pipeline, cabling and working at sea. Nonetheless, for the low carbon energy sector as a whole to reach its potential, there needs to be an active partnership between government and industry. Amongst other things, increased investment in research and development, co-operation over planning consent, and targeted support to improve the domestic supply chain, would all facilitate growth (EEF, 2008). Essex is leading the way in environmental technology, facilitated in part by this kind of investment. For example, ECC and its partners are supporting the development of the Chelmsford Innovation Centre, which will focus on the clean tech sector, providing specialised business support and workspace facilities. There is also already partnership working between Essex, Suffolk and Norfolk to develop the supply chain opportunities of off-shore wind and nuclear power generation.

12.11 The ‘eco-technology hub’ is also emerging as an important model for the future Essex economy, with companies clustering around hubs in Chelmsford and Colchester for example. Hubs of this kind foster knowledge sharing and exchange, promoting sector growth, as well as offering the opportunity to make practical innovations in terms of running green business parks. Across Essex as a whole there are already more companies in the eco-technology industry than any other county in the East of England (Invest Essex, 2006). The county must also maximise its position in the greater South East and its proximity to London, when branching into innovative global markets.

12.12 On the other hand, the Essex and the East of England do not at present have a strategy in place which can realistically meet regional,
national and global targets for carbon reduction. This could have direct cost implications for the Essex economy. Whilst the Regional Economic Strategy has a target of 60% reduction in carbon emissions by 2031, a variety of new policies (which have yet to be outlined) would be needed at both local and regional level to reach even half of this target (EEDA, 2008; O’Riordan, 2007). Targets are under frequent upward revision and if they are not met this could lead to direct financial burdens, in the form of carbon penalties. On the national stage, the new Carbon Reduction Commitment (which commenced in April 2010) extends previous European Union (EU) level commitments, and will see new sectors of the county’s economy affected by carbon penalties. Whilst the EU’s Trading System saw heavy industry and energy intensive sectors subject to emissions limits, the new national commitment will see this extended to a variety of large public and private sector organisations, including local authorities, banks and supermarkets (Carbon Trusts, 2010; DECC, 2010). Under a carbon trading system there are opportunities for those organisations with particular success in reducing emissions to profit from the system. Innovations of this kind may be fostered by the incubation of ideas in growing ‘hubs’, as discussed above, and by the effective dissemination of knowledge on best practice across the county. However, the associated costs for those who do not achieve targets could place a real burden on both public and private sector.

**Implications of Growth in R&D in China and India**

12.13 The recent rise of China and India as global economic powerhouses has presented a challenge to the UK economy as a whole. This issue is particularly important in the context of the recession, but is also part of a broader process of global economic change. There has been a shift of economic power from ‘the west’ as rising prosperity in other parts of the world has led to countries such as China, India and also Brazil and Russia emerging as leading competitive economies. Focusing on China and India, both countries have undergone rapid development in the last two decades and according to UK government forecasts, by 2050 they are expected to have become the first and third largest economies in the world respectively (BERR, 2009). China has emerged at the forefront of global manufacturing with real GDP increasing 12 fold between 1978 and 2005 (Subbachi, 2007). Whilst India’s GDP growth has been smaller, it has carved out an important role in the service industry, driven by its attractiveness as a destination for outsourcing.
12.14 In the face of a globalised economy, Essex has worked hard to build strategic relationships in recent years and has developed good relations with China in particular. For example, it has played a leading role in securing UK trading relationships with the country, leading trade missions in partnership with UKTI and assisting Essex based companies to secure lucrative contracts as a result (ECC, 2010). Furthermore, research undertaken by BERR suggests that Asia’s continued dominance in the global economic markets should be viewed with cautious optimism. Growth in the region has driven up imports and this has created opportunities for UK firms, with UK exports to China and India growing by 19% and 14% a year respectively (BERR, 2009). The nature of the exports (higher skilled manufactured goods, financial and business services) reflect the fact that the UK remains at a comparative advantage in specialised goods and services, and this presents an opportunity for the Essex economy to exploit further in the future.

12.15 There has however been concern about the competition of China and India in the R&D sector as their economies continue to grow. It has been predicted that the proportion of GDP devoted to R&D in China for example will increase from 1.3% to 2.5% by 2020 (OECD, 2008). Whilst the academic research budget for example remains relatively low (below 10% of its total R&D spending), international patenting and publishing activities are accelerating quickly in line with previous trends in other high-technology sectors (NSF, 2007). There are also challenges related to the intellectual property regime, since UK companies operating in Asia cannot expect see the same levels of enforcement of the regulations as they would in the domestic market. In order to compete with growing and emerging markets, there will need to be greater public and private investment in developing the local workforce in Essex. This links with many of the broader issues around the necessity for the county to invest in building a skilled and well educated workforce if it is to thrive and survive in the emerging knowledge based economy. In general, the county also needs to capitalise on the opportunity to attract mobile global business by supplying the right labour.

12.16 Providing this can be achieved, Essex should see significant development in its R&D sector. The rise of other large economies also opens up new markets for the UK (BIS, 2009). Given the county’s historically important place in the car manufacturing industry for example, there is a particular opportunity to be at the forefront of developing green automotive technology for hybrid and electric cars. This sector has a dual economic and environmental imperative as discussed above. For example, Essex County Council is currently looking into how its can use its own purchasing requirements to grow the market for sustainable products, thereby encouraging greater R&D in local firms. Essex’s successful record in building trading relationships with China is also significant given that the many barriers which might be encountered when doing business in these countries. China has been rated as 83rd and India as 122nd easiest places to do business as a consequence of the corruption and bureaucratic challenges which still exist (BERR, 2009). The key to maintaining a competitive industrial sector in the future is developing niche products and positions within the manufacturing process, and a healthy R&D regime is essential to this. If this can be achieved, Essex should be relatively well positioned to meet the challenges faced by continued economic growth in Asia, particularly given its proximity to the London economy.
Ageing Workforce

12.17 Essex clearly has an ageing population and this will present the county with one of its biggest challenges in the coming decades. However, it is also important to focus on, and seize upon, the opportunities which might arise from a larger older population. To some extent the ageing population is a national issue, but Essex is faced with a particular disparity. Currently Greater Essex has a working age population of around 847,000 (ONS, 2010). This is 59.8% of the total population, compared with Eastern and Great British composition (60% & 62% respectively). While working age population is expected to stay about the same across most of Essex, the population of those 65+ and 85+ across the county is expected to increase by 45% and 75% respectively (Essex Partnership, 2009). Thus the balance of population will change considerably across Essex (see chart below).

Source: ONS, Subnational population projections, 2006

5 Based on 2008 sub-national population projections
12.18 This ratio has been defined as ‘support ratio’ for older people because it represents how many individuals are likely to be economically active in relation to the number who will depend on pensions, and on state support through health and social care. Nationally, the total ‘support ratio’ peaked in 2007 and is now in decline (Mayhew, 2009). Thus, as more public spending is required to cover the cost of the ageing population, the proportion of people able to contribute to these costs is falling, leading to fears of higher taxes and lower standards of living for all (Audit Commission, 2010). The main concern for Essex and other local authorities is not the cost of pensions (which will be born by national government). There are, however, important economic issues related to the proportion of people working, and the costs of care. Whilst state pension age (SPA) for men is likely to rise to 66 from 2016\(^6\), and to 68 by 2046, this is not the same as raising ‘the age of retirement’ and does not directly equate to an increase in the proportion of people in work. Many people cease working before they reach SPA either because they have alternative sources of finance, or for health reasons (Pensions Policy Institute, 2003). On the converse, in 2010 an estimated 13% of people over SPA are still economically active (Pensions Policy Institute, 2003). This proportion is likely to rise further as a result of the imminent abolition of the default retirement age of 65, and the trend towards less generous occupational schemes. However, the economic consequences of people working longer are open to serious debate. For example, even if the theoretical support ratio could be maintained, or possibly decreased, the positive economic impact could be countered by a weak economy that does not create sufficient jobs.

12.19 Regarding care costs, if spending on social care for example simply increased with the population, this would nearly double by 2026 (Audit Commission, 2010). Furthermore, rising life expectancy does not necessarily imply a parallel rise in good health, so called ‘healthy life expectancy’. Neither does it manifest itself uniformly across Essex, which has significantly different life expectancies across the districts (see Appendix 1). If this trend continues health and social care costs in Essex are likely to increase disproportionately, up to and beyond 2031. Subsequently there will be a growing care economy, which is likely to change the shape of both the public sector and the local economy more broadly. Key to this will be finding new ways of delivering services, making greater use of informal and voluntary networks of care. Older people are likely to need to participate more in their own care and that of friends, relatives and neighbours both formally and informally. Many believe that this could have the double benefit of leading to more personalised services and greater community wellbeing, as well as being more economically efficient (such as Wilson, 1994).\(^7\)

12.20 More broadly, it is important that the challenge of our ageing workforce is not seen only as a negative development. We will have to adapt to a changing demographic but there are important opportunities for the county. For example, some studies have shown that people are more entrepreneurial and more likely to establish successful and resilient businesses in later life, bringing a wealth of experience to the task (Botham & Grave, 2009). Entrepreneurial teams of mixed aged groups are also likely to be more successful (Botham & Grave, 2009). Essex is clearly an entrepreneurial county with a high volume of small business start ups, and this is an important feature of our economy. Potentially, a healthy older workforce could play an important part in maintaining and increasing this trend. With many of the young workforce relying on travelling outside the county to find work, any opportunities for this trend to be rebalanced, creating thriving local businesses, would be very positive for the Essex economy. In terms of nurturing a healthy and active older workforce in the first place, moves towards more knowledge based industries across the county (such as the ones discussed above) will provide jobs which are less physically demanding and limit the ‘burn out’ of workers associated with heavy industry (Mayhew, 2009). A rise in the number of old people, with more time and disposable income is also good news for the tourist industry, an area where Essex should continue to thrive.

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\(^6\) The SPA for women will rise to 66 a few years later

\(^7\) These ideas also tie in with the Conservative’s ‘Big Society’ agenda and are likely to become increasingly important in the policy arena.
Consumer Preferences/Lifestyle Choices

12.21 Changing consumer preferences and lifestyle choices may have a significant role to play in the Essex economy in the coming years. The first issue to consider is how recent trends in lifestyle choices (associated mainly with increased national wealth), have led to a number of health issues which will increasingly place a significant drain on public spending. In Essex, obesity levels in many districts are already above the national average (24%). The highest level is Harlow (just under 27%) and the lowest is Brentwood (just over 20%) (Department of Health, 2003). We can also look to childhood levels of obesity to predict future trends. Across the UK, the proportion of children aged 2-10 classified as overweight or obese increased from 23.1% in 1995, to 29.2% in 2007 (Health & Social Care Information Centre, 2009). Nationally it is estimated that the cost of obesity is £3.3-3.7 billion per year (House of Commons Health Committee, 2004).

12.22 Smoking is another costly lifestyle choice, in both human and economic terms, with over half of all smokers ultimately dying as a result of related illnesses (BBC, 2004). Thurrock, Basildon, Harlow and Southend-on-Sea all have significantly above the national average rate of smokers in the adult population (which is 24%), the impact of which will continue to be felt in the coming years (Department of Health, 2003). Finally, the government estimates that alcohol misuse costs up to £25.1 billion a year because of associated spending on health, crime and social impacts (NAO, 2008). Currently across Essex the proportion of harmful and hazardous drinkers roughly corresponds to regional averages, which means that around 20.6% of men, and 12.6% of women consume hazardous quantities of alcohol on a weekly basis (NHS, East of England, 2008). When we examine the trends for drinking amongst children it is clear that alcoholism will become a problem for the next generation. For example, when Essex pupils from Years 8 and 10 were questioned, 16% said they had been drunk once or more in the last 4 weeks, the same as the national figure (Essex Children and Young People’s Plan, 2009).

12.23 Secondly, consumer preferences and lifestyle choices may have an impact on the shape of local economic growth in the coming decades. Customers increasingly shop online, changing the nature of the already globalising market. This leads to both advantages and disadvantages for Essex businesses, which will be able to compete for customers across bigger geographical areas, but face greater competition in local markets. There is also likely to be a growing market for niche consumer products, such as fair-trade/ethically sourced products, and for creative and leisure orientated industries (Futurist Ltd, 2009). In
terms of people’s changing lifestyles, advancing technology and globalisation have also opened up new possibilities for varied working patterns and work-life balance (including home-working and tele-working). Again this could bring both negative and positive impacts on the local economy. Businesses will be able to create virtual networks and it will be easier to attract and deliver on contracts across the world, as well as taking advantage of a wider, more flexible talent pool. However, these virtual networks and improved communications will also make it easier for other regions to engage with the London economy, thereby possibly decreasing Essex’s geo-strategic advantage (Futurist Ltd, 2009).

Conservation/Development Balance

12.24 Essex’s development has been rapid in recent years. Natural growth and inward migration trends have seen the population of Greater Essex almost double since 1950 to around 1,712 million people. This trend is expected to continue, with the East of England growing faster than any other region in England. It is worth noting however that new government’s aims to reduce the disparity in economic growth between the East and South East, and the rest of the county, for example through tax differentials, could affect patterns of inter-regional migration. Based on current estimates however, the County of Essex is likely to have to absorb nearly 340,000 additional residents by 2031, and ambitious development plans have been proposed to accommodate this growth (based on 2008 subnational population projections). In 2008 it was estimated that around 98,620 houses were still to be built to achieve minimum regional targets set for 2021 (Government Office for the East of England, 2008). The incoming Coalition Government have subsequently abolished all central government housing targets and regional spatial strategies have been revoked (LGA, 2010). Nonetheless, the growing population (from both natural change and migration) will still need to be accommodated in the coming decades and issues around construction and development remain pertinent. In accordance with the Coalition Government’s localism agenda decisions over the provision of housing will increasingly fall to the District level. If we are to pursue development on the scale envisaged above or a similar, there will be three key considerations: planning and infrastructure issues, the impacts on quality of life, and safeguarding against the affects of climate change.

12.25 Firstly, there is the challenge of how to create an infrastructure which can accommodate the ambitious construction plans for the county. There has been much attention paid to the issue of limited land availability in Essex, not least because the county is affected by the planning restrictions on the Metropolitan Greenbelt, which sweeps from Bishop’s Stortford, south-eastwards to Chelmsford, Southend-on-Sea and towards Foulness Island. However, we also need to consider the impact which large scale housing developments will have on access to resources, for example energy and water supplies. To a large extent, energy supplies are affected by national trends of consumption and supply (outlined above), rather than being affected by migration into the country. However, the energy infrastructure will have to improve, and the local network capacity will have to increase significantly, to meet the anticipated future demand in the region (EEDA, 2009).

12.26 There is no ‘national grid’ for the supply of water. Consequently, the East of England region, which is the driest in the country, must continue to sustain its own water supply as it grows. Despite water company plans for new resources and infrastructure, according to a report prepared for EEDA, there are serious concerns that if development targets are reached there will be severe water shortages by 2030, and in Essex this could occur in certain water resource zones as soon as 2015 (EEDA, 2008). Even at its current capacity the region would need to adapt to radically different patterns of resource use in order to maintain sustainability and meet carbon emissions targets (EEDA, 2008). Thus, it is crucially important that Essex and its neighbours make

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8 Any adjustment of housing targets or other planning policies will be produced by District Councils on an individual basis through their Core Strategies and other documents within their Local Development Framework in line with the Government’s Localism agenda.

9 The issues around Essex’s transport infrastructure and the strategies for maintaining it’s viability are discussed elsewhere in the Appendix.

10 A water deficit is predicted to develop in this period. This means that whilst supply should still outstrip demand, it will be lower than the recommended levels for contingencies.
considerable water efficiency savings in businesses and homes in the coming years.

12.27 Secondly, there are numerous quality of life issues which will be influenced by large scale development. Essex is predominantly rural at present, with around three quarters of the county’s land currently used for agriculture. Essex residents value this green space and rural environment very highly. For example, over half of residents think that a cleaner, greener environment should be the most important priority for the county in coming years. Furthermore, as well as being vital to the rural economy, it is also key to attracting tourists to the county, an industry which generates around £2.5 billion per year. It is also the case that corporate investors and business often favour high quality sites in spacious rural settings. Thus the task of building a strong future economy is complex, and involves a careful balance between growth and conservation. The issues of housing supply and affordability have been given much attention by policy makers (see below). However, there has been less discussion about the development of business and the need to ensure planning regulations which facilitate business activity. In the absence of this holistic approach, combined with the underlying structural weaknesses of the Essex economy, the feasibility of meeting the ambitious target of 131,000 new jobs by 2021 is questionable (Government Office for the East of England, 2008).  

12.28 Finally, Essex must also consider how climate change will impact on its growth strategies. Aside from the water and energy shortages discussed above, the key concern for the county is its extensive coastline. As a coastal county Essex is under serious threat from the predicted rising water levels and more frequent storms associated with climate change (Jha, 2003). Since 2008 the publication of PPS25 and supplements has led to stronger requirements to undertake flood risk assessments and increased advice and oversight from the Environment Agency. The county has a history of flooding and there are now a series of enhanced policies in place as part of a regional strategy to limit development on high risk areas, including the obligation to identify and protect flood plains and land liable to tidal or coastal flooding, from development. This approach may not be sustainable in the long term.

12.29 Research undertaken for the Thames Gateway’s Strategic Flood Risk Assessment suggested that existing sea defences in South Essex should offer protection from primary coastal flooding in the absence of any incidental breach, however investigations are currently underway to establish how the risks from other types of flooding are distributed throughout the region in line with the PPS25 recommendations (2009). It is worth noting that this only covers the five Thames Gateway authorities (Basildon, Castle Point, Rochford, Southend-on-Sea). Reviews of the remaining authorities and water cycle studies (including Thurrock, which was included in the original Thames Gateway assessment) are currently being commissioned. In the short term then, careful planning underlined by a three-pronged approach of retrofitting (from coastlines & sturaries at risk), accommodating (growing flood resistant crops), and protecting (building sea walls), should enable the county to continue to develop in the face of climate change threats (Open University, 2010).

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11 The local aim is that these additional jobs will provide more employment opportunity within the county in order to stabilise or reduce ‘forced’ commuting to jobs out of the county and to provide an improved balance between the number of jobs and homes in the county, rather than attracting inward migration.
12.30 Migration patterns are an important feature of the Essex economy. According to projections made by the Office for National Statistics (based on observable trends from previous years), internal migration is set to rise steadily between now and 2031, although internal migration out will follow a similar pattern. A proportion of migration flows to Essex from other regions of the UK will be for economic reasons, the dominant component of Essex immigration flows are from London, which is largely for reasons of housing affordability and quality of life. International inward migration is expected to remain fairly constant in the coming decade. However, it is notoriously difficult to calculate the number of economic migrants living within a particular region, and is therefore equally difficult to estimate how these figures might change in the course of the next two decades (IPPR). Furthermore, it should be noted that the Coalition Government proposes to cap non-EU migration into the UK (particularly economic migration), although this forms a small proportion of the total international flows (find ref). International economic migration is also prone to considerable fluctuation, with events such as the global recession having a significant impact on outward migration in particular. Economic migrant labour from outside the UK, both menial and skilled, currently plays an important role in the economy of the region. Thus, a significant decline in numbers could have a notable impact on the Essex economy, if they would otherwise fill jobs that the resident population have neither the skills, nor inclination to take up.

12.31 Immigration into the UK has slowed sharply since the onset of recession and the number of international migrants leaving the country has risen (Redwood, 2010). The official figures suggest a drop of around 40% and it has been suggested that the figure could be as high as 60%. Given that unemployment is likely to continue to rise in the short to medium term, it is possible that net migration will become negative. This decline in migrant workers could have a significant impact across the East of England. According to a recent EEDA report, many companies across the region are currently relying on migrant labour in order to run at full capacity, although the effects of the economic downturn may have impacted upon this (Greater Essex Prosperity Forum, 2007). However, it is worth noting that net international migration to Essex (from outside England) is the smallest component of population change for the county – in both
gross and net terms. Essex experiences much greater contribution to population growth from net internal (within England) migration and from natural change of its own existing population. Whilst net international migration into Essex could fall or become a net outflow it is unlikely that this will result in an actual fall in the total population of Essex. Furthermore factors such as military returning to bases in Essex and foreign resident students at universities will be included in international migration flows, as will UK national émigrés and returnees.

12.32 Essex is also likely to be less affected by the above effects than its regional neighbours because of its relatively low international migrant populations, although there are migrants within the county employed in a wide variety of sectors, including agriculture and manufacturing (Paraskevopoulos & McKay, 2007). There has also been a significant number of Anglophone African migrants coming to Essex in recent years, of whom a large proportion are employed in the public sector (Rutter, Latorre & Mulley, 2009). There could therefore be a negative impact on public services, in particular the sectors with growing demand such as health and social care, if it becomes more difficult to source and retain skilled migrant workers (Rutter, Latorre & Mulley, 2009). Furthermore, it will take some time for Essex to develop its own skills base. Thus if new business is attracted to the region, there could be increased demand for skilled migrants which cannot be met, limiting growth prospects in sectors requiring high skilled professionals (or in advancing R&D within a variety of industries). This argument is not universally accepted however, and does not reflect the government’s current policy position (find ref).

Graph Source: ONS (May 2010), based on 2008 mid-year population estimates

Food Security

12.33 A combination of high global population growth, and the threat of global warming and environmental degradation, has led to an increased prominence of the concept of ‘food security’ in the policy arena. It has been estimated that demand for food could increase by 50% by 2030 (Collison and Associates, 2009). The recent food price spike has only served to exacerbate fears in this area. There are various definitions of food security but according to DEFRA the key themes are as follows: ‘availability of food, access of customers to affordable, nutritional and safe food: resilience of the food system to significant disruptions, and public confidence in that system’ (DEFRA, 2006). Self sufficiency in the UK is around 60% overall, and 73% in indigenous types of food (DEFRA, 2009). The government is keen to stress however that self sufficiency is only one aspect of food security and should not be over-emphasised in comparison to trade. The UK’s large population (and Essex’s relatively large size within it) is not necessarily a disadvantage in terms of ensuring food security in the face of this increased demand (DEFRA, 2006). In fact, the greater purchasing power of large populations enhances opportunities to source from international markets. Nonetheless, there will need to be a global increase in food production in the coming decades and the UK is no exception to this.

12.34 As a largely rural county Essex should be well placed to capitalise on any increased investment in agricultural production in response to the food security issue. However, there are a number of associated challenges, including environmental and economic considerations. Firstly, it is worth noting that the processes associated with the food chain have huge environmental impacts. For example, around 18% of UK greenhouse gas emissions are related to food production and consumption (Cabinet Office, 2008).

12.35 If targets for lowering these carbon emissions are to be met, there will need to be a considerable reduction from the agricultural sector involving all parts of the supply chain (around 3 million tonnes by 2020) (DEFRA, 2010). This will need to be considered in any attempts to expand local agriculture. At the same time, there is a risk that efforts to reduce emissions in the UK, by limiting the growth of the domestic sector, would simply lead to the exportation of emissions to other countries, not to mention the carbon dioxide emissions associated with the international trade of food (DEFRA, 2010). The effects of climate change (such as drought and flooding, discussed above) could also have a significant impact on agricultural yield, in particular in low-lying coastal counties such as Essex. Equally, this could create opportunities for growing new
types of crops in Essex to serve the UK market. Secondly, to sustain growth in the agricultural sector Essex would need a larger supply of local labour. There are some worrying trends in this regard — recent statistics from Insight East show that the number of people employed in Agriculture and the manufacture of food, drink and tobacco in the East of England has fallen from about 95,000 in 1991 to 66,000 in 2009 and the latest forecasts predict a continued fall to 46,000 by 2031 (Insight East, 2010). This is compounded by question marks over whether the East of England would have enough labour to support increased agricultural production, especially in light of recent reliance on international migrant labour (Rutter, Lattore & Mulley, 2009).

**The London Economy**

12.36 The nature of the Essex economy is significantly shaped by the county’s proximity to London. This has been discussed in reference to many of the topics covered above but is worth additional consideration. Given London’s unique position in the world and dominance in the UK economy, neighbouring Essex has unsurprisingly developed a close association and interdependence with the capital. In the coming decades this is likely to remain the case, although issues such as building an adequate skills base, minimising congestion, and adapting to global economic competition are as significant in our relationship to the London economy, as they are to Essex based activity. Another important issue which will impact in the following decades is the nature of the Olympic Legacy.

12.37 Despite the challenges presented by the credit crunch and subsequent recession in the UK, London’s financial sector remains one of the most important financial centres in the world, and certainly the most prominent in Europe. Thus far, the impact of unemployment in the financial sector has been less than anticipated (LSE, 2009). London’s other key sectors are business services, tourism, and the creative sectors. However, finance is arguably the one area where London has an ‘absolutely distinctive role’ (LSE, 2009:34-39). London’s key economic strengths are the scale of its market, the range of products and services available and the embedded culture of internationalism (LDA, 2010).

12.38 London makes a very significant contribution to the UK’s economic output and this pattern is reflected across the Greater South East (GSE). In terms of Gross Value Added (GVA) per full-time employee (FTE) its nearest challenger is not any other major UK, but the GSE region (LSE, 2009). It must be noted however that this is partly a reflection of the large amounts of human capital which many of London’s activities require. The GSE, of which Essex is a significant part, is increasingly being recognised as a highly significant economic region, or a ‘mega-city region’ which represents a more meaningful unit for analysis and policy making than Greater London itself (Hall, 2004). The GSE is Europe’s leading city region - it remains the largest concentration of R&D activity in Europe and is at the forefront of financial creative and biotech markets (LDA, 2010). However, rising international competition from emerging economies in China, India, Brazil and Russia (as discussed above), as well as new centres for the knowledge economy in the former eastern bloc, present both challenges and opportunities in this regard (LDA, 2010).

12.39 The GSE’s significant economic output presents us with a strong case for continued investment in Essex in the future (LDA, 2010; Gordon, 2004). On the one hand, areas to the East of London, have tended to develop as commuter satellites of the city of London (Hall, 2004). This is certainly the case for Essex, where commuting to London for work is a definite characteristic of the economy. For example, based on the 2001 census, around 139,000 people from greater Essex commute to London for work. This is also a reflection of a parallel trend for migration from London to Essex and the East - the 2007-08 Labour Force Survey illustrates that all net losses in London’s migration occurred in exchanges with London’s two neighbouring regions (Eastern and Southern) (LSE, 2009:25). On the other hand, areas of the GSE to the west of London generally have a more independent economic existence (Hall, 2004). This demonstrates the potential and opportunities in this regard, but also the need for investment in knowledge and infrastructure in the East of the GSE region.

12.40 There are a number of other challenges which London faces in maximising its potential for future success, and many of these also relate to the challenges faced by the Essex economy. The nature of London’s economy, with its strengths
in business and finance, means that it requires an increasingly skilled workforce, yet around 600,000 of Londoners have no qualifications (LSEO, 2010; GLA, 2010). The capital has generally high unemployment rates (over 30% of Londoner’s of working age have no job) and these tend to be concentrated in areas of high deprivation with poor access to education and services (GLA, 2010). Potential local employees need to be able to compete with the high numbers of skilled individuals entering London’s labour market from across the world to meet this demand and at present many do not have the qualifications to do so (LSEO, 2010). This is equally the case for the Essex workforce, which has a relatively low skills base. Without progress in this area, it could present a growing barrier to employment in the capital.

12.41 The potential legacy of the London 2012 Olympics has also attracted much debate (IPPR, 2006; London Assembly, 2010). The Essex 2012 Legacy partnership, which brings together a variety of public sector stakeholders, including local authorities, has been created to maximise the direct opportunities which the Games will present, such as public and private sector supply contracts, delivering events locally at Hadleigh Farm, and the possibility for utilising local transport (Essex 2012 Legacy Partnership, 2010). There are also potential knock-on opportunities which could impact after 2012, for example from the physical and economic regeneration in East London, likely tourism generation, and the potential for encouraging increasing physical activity, leading to positive health outcomes. However, there have been warnings that other UK regions should manage their expectations given the probably marginal benefits outside London (IPPR, 2006). Whilst Essex is certainly one of the best placed regions to benefit given its close proximity to, and economic interconnectedness with East London, this does not guarantee a significant and/or positive legacy. Recent research undertaken by the London Assembly (London Assembly, 2010) has suggested that opportunities for economic regeneration thus far have not been maximised, with the initial construction having minimal impact on the local labour market due to low levels of local labour on the sites. In the absence of significant improvement, local regeneration and its broader impacts will not meet expectations (London Assembly, 2010).
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